OFFICIAL STATEMENT DATED AUGUST 8, 2022

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "LEGAL MATTERS" and "TAX MATTERS" FOR A DISCUSSION ON THE OPINION OF BOND COUNSEL.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

Ratings: Moody's Investors Service, Inc. (Underlying) "Baa3"
S&P Global Ratings (BAM Insured) .... "AA"
See "MUNICIPAL BOND INSURANCE" and "RATINGS."

$3,400,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 552
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX BONDS, SERIES 2022

Dated: September 1, 2022
Interest Accrues from: Delivery Date **Due: September 1, as shown on the inside cover**

The $3,400,000 Unlimited Tax Bonds, Series 2022 (the "Bonds") are obligations of Harris County Municipal Utility District No. 552 (the "District") and are not obligations of the State of Texas; Harris County, Texas (the "County"); the City of Houston, Texas (the "City"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City, nor any entity other than the District, is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated September 1, 2022 (the "Dated Date"), and will accrue interest from the initial date of delivery (on or about September 14, 2022) (the "Delivery Date"), and be payable on March 1, 2023, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds will be issued as fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIP NOS." on the inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring water, wastewater, and drainage facilities to serve the District (the "Utility System"). Voters in the District have authorized a total of $78,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System to serve the District and $117,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $27,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District and $40,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; and $7,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities to serve the District and $10,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. Following the issuance of the Bonds, $67,275,000 of authorized unlimited tax bonds for the Utility System will remain unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to special investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision.

The Bonds are offered, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about September 14, 2022.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIP NOS.

$3,400,000 Unlimited Tax Bonds, Series 2022

$1,650,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41423F (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41423F (b)
2023	$ 110,000	5.250%	1.900%	CB3	**	**	**	**	**
2024	115,000	5.250%	2.100%	CC1	2032 (c)	130,000	5.250%	3.050%	CL1
2025	120,000	5.250%	2.250%	CD9	2033 (c)	130,000	5.250%	3.100%	CM9
2026	125,000	5.250%	2.400%	CE7	2034 (c)	140,000	4.500%	3.400%	CN7
2027	125,000	5.250%	2.550%	CF4	2035 (c)	135,000	3.250%	3.600%	CP2
2028	125,000	5.250%	2.700%	CG2	2036 (c)	135,000	3.500%	3.700%	CQ0
2029	125,000	5.250%	2.850%	CH0	2037 (c)	135,000	3.500%	3.800%	CR8

$1,750,000 Term Bonds

$255,000 Term Bond Due September 1, 2031 (c) (d), Interest Rate: 5.250% (Price: $114.044) (a), CUSIP No. 41423F CK3 (b)

$270,000 Term Bond Due September 1, 2039 (c) (d), Interest Rate: 4.000% (Price: $100.603) (a), CUSIP No. 41423F CT4 (b)

$275,000 Term Bond Due September 1, 2041 (c) (d), Interest Rate: 4.000% (Price: $100.000) (a), CUSIP No. 41423F CV9 (b)

$270,000 Term Bond Due September 1, 2043 (c) (d), Interest Rate: 4.000% (Price: $99.296) (a), CUSIP No. 41423F CX5 (b)

$680,000 Term Bond Due September 1, 2047 (c) (d), Interest Rate: 2.750% (Price: $75.779) (a), CUSIP No. 41423F DB2 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (hereinafter defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(d) Subject to certain mandatory redemption provisions set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel (herein defined), for further information.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on inside cover of this Official Statement at a price of 97.002663% of par, resulting in a net effective interest rate of 3.957547%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

Prices and Marketability

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2022, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $466.8 million, $172.1 million, and $294.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell or hold securities. Furthermore, there is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any ratings assigned to the Bonds other than the ratings of S&P and Moody's.

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The Issuer	Harris County Municipal Utility District No. 552 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas (the "County"). See "THE DISTRICT."
The Bonds	The District is issuing its $3,400,000 Unlimited Tax Bonds, Series 2022 (the "Bonds"). The Bonds are dated September 1, 2022 (the "Dated Date"), and will accrue interest from the initial date of delivery (on or about September 14, 2022) (the "Delivery Date"), at the rates per annum set forth on the inside cover of this Official Statement and be payable on March 1, 2023, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
	The Bonds maturing on September 1 in the years 2031, 2039, 2041, 2043 and 2047 are term bonds (the "Term Bonds"). The Term Bonds also have certain mandatory redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Payment Record	The Bonds are the third series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring water, wastewater, and drainage facilities to serve the District (the "Utility System"). The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds: $4,195,000 Unlimited Tax Bonds, Series 2020; and $3,130,000 Unlimited Tax Bonds, Series 2021. $7,130,000 principal amount of such bonds previously issued will remain outstanding as of delivery of the Bonds (the "Outstanding Bonds").
Authority for Issuance	At an election held within the District on May 5, 2018, voters of the District authorized the District's issuance of $78,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System and $117,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $27,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and $40,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; and $7,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities to serve the District and $10,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

	The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7978 of the Texas Special District Local Laws Code, as amended; an election held within the District on May 5, 2018; an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"); and an order of the Texas Commission on Environmental Quality ("TCEQ"). See "THE BONDS – Authority for Issuance."
Short-Term Debt	In connection with the Bonds, the District has issued its $1,925,000 Bond Aniticipation Note, Series 2021 (the "BAN""), dated December 22, 2021, for the partial reimbursement of costs as set forth under "THE BONDS – Use and Distribution of Bond Proceeds." The BAN accrues interest at a rate of 0.990% per year (computed on the basis of a 360-day year and the actual days elapsed) and matures on December 21, 2022, unless called for redemption prior to maturity. See "THE BONDS – Short-Term Debt."
Source of Payment	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. See "THE BONDS – Source of Payment." The District is authorized to levy separate taxes to pay debt service on bonds issued for the Utility System and to pay debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.
Use of Proceeds	Proceeds from the sale of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the construction costs set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." Proceeds of the Bonds will also be used to reimburse the Developer for a portion of said construction costs that were not reimbursed by the BAN and to pay developer interest and miscellaneous costs of issuance. See "THE BONDS – Use and Distribution of Bond Proceeds."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE" and "RATINGS."
Ratings	S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "Baa3." See "RATINGS."
Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Engineer	Quiddity Engineering LLC., Houston, Texas.

THE DISTRICT

Description	The District was created pursuant to an Act effective June 15, 2017, 85th Legislature, Regular Session, House Bill 1455 (codified as Texas Special District Local Laws Code, Chapter 7978). Upon creation, the District included 150.912 acres. The District is located in the City of Houston,

Harris County, Texas, and within the Spring Branch Management District.

Location..The District is located at the southeast corner of Clay Road and Gessner Road. The District lies approximately one mile east of Beltway 8 and three miles north of Interstate-10. The District is located within the corporate boundaries of the City of Houston. See "THE DISTRICT – Location."

The Developer ....Land within the District is being developed by Meritage Homes of Texas, L.L.C., an Arizona limited liability company ("Meritage Homes" or the "Developer"), as the Pinecrest subdivision. Meritage Homes has completed the development of 571 single-family residential lots (approximately 51.66 total acres) in the single family subdivisions of Pinecrest Sections 1 – 5. Meritage Homes owns approximately 26 acres of currently undeveloped land located within the District that is available for future development, all of which it expects to utilize for future single-family residential development.

Meritage Homes is wholly-owned by Meritage Homes Corporation. Meritage Homes Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the symbol MTH. Meritage Homes Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Meritage Homes Corporation can be inspected at the office of the SEC at Judiciary Plaza, 14 Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a World Wide Web site on the Internet at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC. Reference to the financial information concerning Meritage Homes Corporation is relevant, among other reasons, to the ability of Meritage Homes to continue to develop land in the District and to pay taxes levied by the District and other taxing entities. Neither Meritage Homes nor Meritage Homes Corporation has made any commitment to pay debt service on the Bonds, and reference to the financial information of Meritage Homes Corporation in this Official Statement should not be so construed. The District has not obtained any representations from Meritage Homes Corporation concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein. See "THE DEVELOPER."

Other Landowners ....Metro National Corporation, a Texas corporation ("MetroNational") is the owner of approximately 27.74 acres of developable land which is planned for future commercial development and 7.22 acres of undevelopable land. MetroNational is a privately-held real estate investment, development, and management company headquartered in Houston, Texas.

Development within the District .... To date, approximately 51.66 acres within the District have been developed by Meritage Homes as 571 single-family lots in the following single-family residential subdivisions: Pinecrest, Sections 1 – 5. As of July 1, 2022, development within the District consisted of approximately 354 completed homes, 106 homes under construction and approximately 111 vacant, developed lots. The remainder of the land within the District includes approximately 56.30 undeveloped but developable acres and approximately 42.95 undevelopable acres. Meritage Homes owns approximately 26 acres of currently undeveloped but developable land within the District which Meritage Homes expects to utilize for single-family residential development. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Homebuilder .... Meritage Homes is the only active homebuilder in the District. New homes being marketed in the District range in price from approximately $270,000 to over approximately $520,000 and in size from approximately 1,500 square feet to over approximately 3,300 square feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilder within the District."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outbreak (COVID-19) .... In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak – COVID-19."

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Taxable Assessed Valuation	$ 107,349,106	(a)
2022 Preliminary Assessed Valuation	$ 168,709,966	(b)
Estimated Valuation as of May 15, 2022	$ 180,661,846	(c)
Direct Debt		
The Outstanding Bonds (as of delivery of the Bonds)	$ 7,130,000	
The Bonds	$ 3,400,000	
Total	$ 10,530,000	
Estimated Overlapping Debt	$ 4,373,985	(d)
Total Direct and Estimated Overlapping Debt	$ 14,903,985	(d)
Direct Debt Ratio:		
As a Percentage of the 2021 Taxable Assessed Valuation	9.81	%
As a Percentage of the 2022 Preliminary Assessed Valuation	6.24	%
As a Percentage of the Estimated Valuation as of May 15, 2022	5.83	%
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2021 Taxable Assessed Valuation	13.88	%
As a Percentage of the 2022 Preliminary Assessed Valuation	8.83	%
As a Percentage of the Estimated Valuation as of May 15, 2022	8.25	%
Debt Service Fund Balance (as of July 11, 2022)	$ 531,834	(e)
Operating Fund Balance (as of July 11, 2022)	$ 400,905	
Capital Projects Fund Balance (as of July 11, 2022)	$ 3,167	
2021 Tax Rate		
Debt Service	$ 0.36	
Maintenance and Operations	0.39	
Total	$ 0.75	
Average Annual Debt Service Requirement (2023–2047)	$ 576,774	
Maximum Annual Debt Service Requirement (2025)	$ 618,031	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirements (2023–2047)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections	$ 0.57	
Based on the 2022 Preliminary Assessed Valuation at 95% Tax Collections	$ 0.36	
Based on the Estimated Valuation as of May 15, 2022, at 95% Tax Collections	$ 0.34	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirements (2025)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections	$ 0.61	
Based on the 2022 Preliminary Assessed Valuation at 95% Tax Collections	$ 0.39	
Based on the Estimated Valuation as of May 15, 2022, at 95% Tax Collections	$ 0.37	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2021, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District as a preliminary indication of the 2022 taxable value (as of January 1, 2022). Such amount is subject to protest, review, and downward adjustment prior to certification. No tax will be levied on this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of all taxable property located within the District as of May 15, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2021, through May 15, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund (herein defined).

(f) See "DISTRICT DEBT – Debt Service Requirement Schedule."

$3,400,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 552

UNLIMITED TAX BONDS

SERIES 2022

This Official Statement of Harris County Municipal Utility District No. 552 (the "District") is provided to furnish information with respect to the issuance by the District of its $3,400,000 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7978 of the Texas Special District Local Laws Code, as amended; (ii) an election held within the District on May 5, 2018; (iii) an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District (the "Board") on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality ("TCEQ").

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order.

The Bonds are dated September 1, 2022 (the "Dated Date"), and will accrue interest from the initial date of delivery (on or about September 14, 2022) (the "Delivery Date"), and be payable on March 1, 2023, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the "Book-Entry-Only System" has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (herein defined), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (herein defined), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" together with the Direct Participants, the "Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The holder of ownership interest for each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by

Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in the section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Funds

The Bond Order confirms the creation of a fund for debt service on the Bonds (the "Debt Service Fund"). The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, and any additional unlimited tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2031, 2039, 2041, 2043 and 2047 are term bonds (the "Term Bonds") and the Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

$255,000 Term Bond Maturing on September 1, 2031

Mandatory Redemption Date	Principal Amount
September 1, 2030	$ 125,000
September 1, 2031 (Maturity)	130,000

$270,000 Term Bond Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 130,000
September 1, 2039 (Maturity)	140,000

$275,000 Term Bond Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 135,000
September 1, 2041 (Maturity)	140,000

$270,000 Term Bond Maturing on September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 135,000
September 1, 2043 (Maturity)	135,000

$680,000 Term Bond Maturing on September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 135,000
September 1, 2045	135,000
September 1, 2046	200,000
September 1, 2047 (Maturity)	210,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At an election held within the District on May 5, 2018, voters of the District authorized the District's issuance of $78,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the water, wastewater, and drainage facilities to serve the District (the "Utility System") and $117,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $27,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and $40,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; and $7,000,000 for the purpose of constructing or acquiring park and recreational facilities to serve the District (the "Park System") and $10,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7978 of the Texas Special District Local Laws Code, as amended; (ii) an election held within the District on May 5, 2018; (iii) the Bond Order; and (iv) an order of the TCEQ.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Oustanding Bonds, and additional bonds payable from taxes which may be issued.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Harris County, Texas (the "County"); the City of Houston, Texas (the "City" or "Houston"); or any entity other than the District.

Outstanding Bonds

The District has previously issued two series of bonds: $4,195,000 Unlimited Tax Bonds, Series 2020; and $3,130,000 Unlimited Tax Bonds, Series 2021. $7,130,000 principal amount of such previously issued bonds will remain outstanding as of delivery of the Bonds (the "Outstanding Bonds").

Issuance of Additional Debt

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $67,275,000 for the Utility System; $117,000,000 for refunding bonds issued for the Utility System;

$27,000,000 for the Road System; $40,500,000 for the refunding of bonds issued for the Road System; $7,000,000 for the Park System; and $10,500,000 for refunding of bonds issued for the Park System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued for the Utility System or for the Park System, approved by the TCEQ).

According to the Developer, following the issuance of the Bonds, the District will owe the Developer approximately $4,674,040 for its expenditures to construct the Utility System, approximately $2,259,226 for expenditures to construct the Road System, and approximately $823,874 for expenditures to construct the Park System in the District.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's assessed value, however, effective June 14, 2021, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of taxable property in the District.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Consolidation and Dissolution

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the Utility System) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

The City has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations in accordance with state law, including Chapter 43 of the Texas Local Government Code, as amended. If any of the Bonds are outstanding at the time of dissolution, the payment of such Bonds becomes the obligation of the City. Dissolution of the District is a policy matter for the City. The District can make no representation regarding the likelihood that the City will dissolve the District.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code, and is applicable to the District:

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Remedies in the Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District

Short-Term Debt

In connection with the Bonds, the District has issued its $1,925,000 Bond Anticipation Note, Series 2021 (the "BAN"), dated December 22, 2021, for the partial reimbursement of costs as set forth under "THE BONDS – Use and Distribution of Bond Proceeds." The BAN accrues interest at a rate of 0.990% per year (computed on the basis of a 360-day year and the actual days elapsed) and matures on December 21, 2022, unless called for redemption prior to maturity.

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Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the construction costs set out below. Proceeds of the Bonds will also be used to reimburse the Developer for a portion of said construction costs that were not reimbursed by the BAN and to pay developer interest and miscellaneous costs of issuance. Totals may not sum due to rounding.

<u>Construction Costs</u>	District's Share
A. Developer Contribution Items	
1. Pinecrest Detention & Mitigation Channel Phase II WS&D	$ 675,606
2. Teague Road – W, WW, D	315,329
3. Engineering and Testing (Item Nos. 1 and 2)	194,111
Total Developer Contribution Items	$ 1,185,046
B. District Items	
1. Water Impact Fees	$ 185,855
2. Wastewater Impact Fees	314,167
3. Land Acquisition	
a. Parcel 1	343,765
b. Parcel 2	653,694
Total District Items	$ 1,497,481
Total Construction Costs	**$ 2,682,527**
<u>Non-Construction Costs</u>	
A. Legal Fees	$ 100,000
B. Fiscal Agent Fees	68,000
C. Interest Costs	
1. Developer Interest	232,240
2. BAN Interest	14,081
D. Bond Discount	101,909
E. Bond Issuance Expenses	59,248
F. BAN Issuance Expenses	60,585
G. Bond Application Report Costs	45,000
H. Attorney General Fee (0.10%)	3,400
I. TCEQ Bond Issuance Fee (0.25%)	8,500
J. Contingency (a)	24,509
Total Non-Construction Costs	**$ 717,473**
TOTAL BOND ISSUE REQUIREMENT	**$ 3,400,000**

(a) Represents the difference between the estimated and actual amounts of the bond discount and BAN interest.

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, limited, however, to the purposes for which the Bonds were issued.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the cost of the above-described projects; however the District cannot and does not guarantee the sufficiency of such bonds for such purpose.

THE DISTRICT

Authority

The District was created pursuant to an Act effective on June 15, 2017, 85th Legislature, Regular Session, House Bill 1455 (codified as Texas Special District Local Laws Code Chapter 7978). The District encompasses approximately 150.912 acres located in the City of Houston, Harris County, Texas, and within the Spring Branch Management District. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7978 of the Texas Special District Local Laws Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts and is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water; and to purchase, construct, operate, and maintain road facilities. The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes.

Location

The District is located at the southeast corner of Clay Road and Gessner Road. The District lies approximately one mile east of Beltway 8 and three miles north of Interstate-10.

Management of the District

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. All of the Directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term Expires May
Ben Gillis	President	2024
James Parker	Vice President	2026
Ben Pisklak	Secretary	2024
Mark Lewis	Assistant Secretary	2026
Robert M. Bryant	Treasurer	2024

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is BLICO, Inc., dba Bob Leared Interests (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

Auditor: The District engaged McGrath & Co., PLLC, to audit its financial statements for the fiscal year ended September 30, 2021. Said financial statements are attached hereto as "APPENDIX A."

Engineer: The District's engineer is Quiddity Engineering LLC. (the "Engineer").

Bond Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Operator: The District's operator is Inframark (the "Operator").

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

To date, approximately 51.66 acres within the District have been developed as 571 single-family lots in the following single-family residential subdivisions: Pinecrest, Sections 1 – 5. As of July 1, 2022, development within the District consisted of approximately 354 completed homes, 106 homes under construction, and approximately 111 vacant, developed lots. The remainder of the land within the District includes approximately 56.30 undeveloped but developable acres and approximately 42.95 undevelopable acres.

The table below summarizes the status of development and land use within the District as of July 1, 2022:

Pinecrest	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Section 1	1.69	16	6	–	10
Section 2	11.44	115	108	–	7
Section 3	13.22	130	125	5	–
Section 4	11.07	132	109	15	8
Section 5	14.24	178	6	86	86
Totals	51.66	571	354	106	111
Undevelopable	42.95				
Undeveloped but Developable	56.30				
District Total	150.91				

Homebuilder within the District

Meritage Homes is currently the only homebuilder within the District. New homes being marketed in the District range in price from approximately $270,000 to over approximately $520,000 and in size from approximately 1,500 square feet to over approximately 3,300 square feet.

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AERIAL PHOTOGRAPH OF THE DISTRICT

(taken July 2022)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(taken July 2022)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(taken July 2022)

THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district, such as the District, include purchasing the land within the district, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

Land within the District is being developed by Meritage Homes of Texas, L.L.C., an Arizona limited liability company ("Meritage Homes" or the "Developer").

As is described above under the caption "DEVELOPMENT OF THE DISTRICT," Meritage Homes has completed the development of 571 single-family residential lots (approximately 51.66 total acres) that have been subdivided as Pinecrest Sections 1 – 5. Meritage Homes owns approximately 26 acres of currently undeveloped land located within the District that is available for future development, all of which it expects to utilize for future single-family residential development. Meritage Homes is also the only homebuilder in the District.

Meritage Homes is wholly-owned by Meritage Homes Corporation. Meritage Homes Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the symbol MTH. Meritage Homes Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by Meritage Homes Corporation can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a World Wide Web site on the Internet at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC. Reference to the financial information concerning Meritage Homes Corporation is relevant, among other reasons, to the ability of Meritage Homes to continue to develop land in the District and to pay taxes levied by the District and other taxing entities. Neither Meritage Homes nor Meritage Homes Corporation has made any commitment to pay debt service on the Bonds, and reference to the financial information of Meritage Homes Corporation in this Official Statement should not be so construed. The District has not obtained any representations from Meritage Homes Corporation concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

Other Landowners

Metro National Corporation, a Texas corporation ("MetroNational") is the owner of approximately 27.74 acres of developable land which is planned for future commercial development and 7.22 acres of undevelopable land. MetroNational is a privately-held real estate investment, development, and management company headquartered in Houston, Texas.

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, sanitary sewer and storm drainage system serving the District as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the water and sanitary service serving the District. Construction of water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of the District, the City and the County. The TCEQ also exercises regulatory jurisdiction over portions of the water and sanitary sewer facilities.

Water Supply

The District receives all of its water from the City of Houston, and therefore does not own or operate any water supply facilities. Capacity is reserved through the City's Wastewater Capacity Reservation (WCR) by platted section and secured via impact fee payment. Currently the District has purchased a total of 583 equivalent single family connections ("ESFCs") for water capacity, which is sufficient to serve the currently active ESFCs within the District.

Wastewater Treatment

The City of Houston supplies the District with all of its wastewater treatment needs and assumes the responsibility for the maintenance and operations of these facilities. The District bases the number of ESFCs served on criteria defined by the City of Houston as 250 gpd/ESFC, in accordance with City Ordinance 2010-583. Currently, the District has purchased a total of 583 ESFCs for wastewater capacity, which is sufficient to serve the currently active ESFCs within the District.

Storm Water Drainage

The District is in the White Oak Bayou watershed and naturally drains in an easterly direction to Brickhouse Gully, a Harris County Flood Control (HCFCD) channel. As the District develops, the storm sewer collection system will drain to the District's detention channel. Storm water runoff is detained in the District's detention and mitigation channel on-site prior to its outfall to Brickhouse Gully. The storm water drainage within the District is collected in a road drainage system consisting of concrete curb and gutter which conveys the storm water runoff to the District's underground storm sewer system. The underground storm sewer system drains to the District's detention channel, which outfalls to Brickhouse Gully, a HCFCD channel. The storm-water drainage facilities to be funded by the Bonds include the storm sewer system of Teague Road and the Pinecrest Detention and Mitigation Channel. The Pinecrest Detention and Mitigation Channel includes the Storm-Water Quality feature as required by the City of Houston at the outfall to Brickhouse Gully that serves as the Storm-Water Quality feature for the District.

100-Year Flood Plain

Approximately 110.28 acres within the District are currently within the 100-year floodplain as determined by the FIRM No. 48201C0635M for Harris County, Texas, approved by the Federal Emergency Management Agency (FEMA) on June 9, 2014, and revised by LOMR Case No. 15-06-0275P effective July 1, 2015. This area includes a portion of the detention and mitigation drainage channel for the District.

There are no plans for residential building pads to be located within the 100-year floodplain. Approximately 27.60 acres of the floodplain will be designated as drainage or park/open space/recreation use. The remaining 100-year floodplain acreage will be removed out of the floodplain through subsequent Letter of Map Revision Based on Fill (LOMR-F) application and ultimately through an application for a Letter of Map Revision (LOMR) after the construction of the ultimate detention and mitigation channel. According to the Engineer, approximately 42.34 acres will be located within the 100-year floodplain following the approval of all LOMRs.

Storm Water

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

General Fund Operating Statement

The following is a summary of the District's general fund activity. The summary has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements and from information provided from the District's bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A."

Revenues	2022 (a)	9/30/2021	09/30/2020	09/30/2019	09/30/2018
Water and Sewer Service	$ 231,657	$ 220,297	$ 151,785	$ 38,085	$ –
Property Taxes	415,593	426,880	287,679	221,052	–
Penalties and Interest	3,541	2,061	4,100	771	–
Tap Connection and Inspection	1,975	3,125	2,550	2,175	–
Miscellaneous	–	470	2,704	660	–
Investment earnings	943	236	1,051	162	5
Total Revenues	$ 653,709	$ 653,069	$ 449,869	$ 262,905	$ 5
Expenditures					
Purchased Services	$ 215,787	$ 241,251	$ 88,287	$ 54,893	$ –
Professional fees	51,989	75,850	74,848	66,320	86,563
Contracted Services	73,865	73,423	52,163	20,942	3,456
Repairs and maintenance	47,245	75,550	98,259	100,579	–
Administrative	17,902	23,707	25,231	11,885	17,424
Other	48,184	51,613	17,316	14,289	4,381
Total Expenditures	$ 454,972	$ 541,394	$ 356,104	$ 268,908	$ 111,824
Revenues Over (Under) Expenditures	$ 198,737	$ 111,675	$ 93,765	$ (6,003)	$(111,819)
Developer Advances	$ 763	$ (746)	$ 37,250	$ 32,500	$ 105,700
Beginning Fund Balance	$ 262,322	$ 151,393	$ 20,378	$ (6,119)	$ –
Ending Fund Balance	$ 461,822	$ 262,322	$ 151,393	$ 20,378	$ (6,119)

(a) Unaudited as of June 30, 2022.

DISTRICT DEBT

General

2021 Taxable Assessed Valuation	$ 107,349,106	(a)
2022 Preliminary Assessed Valuation	$ 168,709,966	(b)
Estimated Valuation as of May 15, 2022	$ 180,661,846	(c)
Direct Debt		
The Outstanding Bonds (as of delivery of the Bonds)	$ 7,130,000	
The Bonds	$ 3,400,000	
Total	$ 10,530,000	
Estimated Overlapping Debt	$ 4,373,985	(d)
Total Direct and Estimated Overlapping Debt	$ 14,903,985	(d)
Direct Debt Ratio:		
As a Percentage of the 2021 Taxable Assessed Valuation	9.81	%
As a Percentage of the 2022 Preliminary Assessed Valuation	6.24	%
As a Percentage of the Estimated Valuation as of May 15, 2022	5.83	%
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2021 Taxable Assessed Valuation	13.88	%
As a Percentage of the 2022 Preliminary Assessed Valuation	8.83	%
As a Percentage of the Estimated Valuation as of May 15, 2022	8.25	%
Debt Service Fund Balance (as of July 11, 2022)	$ 531,834	(e)
Operating Fund Balance (as of July 11, 2022)	$ 400,905	
Capital Projects Fund Balance (as of July 11, 2022)	$ 3,167	
2021 Tax Rate		
Debt Service	$ 0.36	
Maintenance and Operations	0.39	
Total	$ 0.75	
Average Annual Debt Service Requirement (2023–2047)	$ 576,774	(f)
Maximum Annual Debt Service Requirement (2025)	$ 618,031	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirements (2023–2047)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections	$ 0.57	
Based on the 2022 Preliminary Assessed Valuation at 95% Tax Collections	$ 0.36	
Based on the Estimated Valuation as of May 15, 2022, at 95% Tax Collections	$ 0.34	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirements (2025)		
Based on the 2021 Taxable Assessed Valuation at 95% Tax Collections	$ 0.61	
Based on the 2022 Preliminary Assessed Valuation at 95% Tax Collections	$ 0.39	
Based on the Estimated Valuation as of May 15, 2022, at 95% Tax Collections	$ 0.37	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2021, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District as a preliminary indication of the 2022 taxable value (as of January 1, 2022). Such amount is subject to protest, review, and downward adjustment prior to certification. No tax will be levied on this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of all taxable property located within the District as of May 15, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2021, through May 15, 2022. No taxes will be levied on this estimate value. See "TAX DATA" and "TAING PROCEDURES."

(d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund.

(f) See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds plus the principal and interest requirements on the Bonds.

		The Bonds			
Calendar Year	Outstanding Debt Service (a)	Principal	Interest	Debt Service	Total Debt Service
2023	$ 366,475	$ 110,000	$ 137,679	$ 247,679	$ 614,154
2024	364,356	115,000	137,063	252,063	616,419
2025	367,006	120,000	131,025	251,025	618,031
2026	364,325	125,000	124,725	249,725	614,050
2027	369,663	125,000	118,163	243,163	612,825
2028	374,794	125,000	111,600	236,600	611,394
2029	374,719	125,000	105,038	230,038	604,756
2030	379,538	125,000	98,475	223,475	603,013
2031	379,150	130,000	91,913	221,913	601,063
2032	383,656	130,000	85,088	215,088	598,744
2033	387,956	130,000	78,263	208,263	596,219
2034	387,050	140,000	71,438	211,438	598,488
2035	396,038	135,000	65,138	200,138	596,175
2036	399,713	135,000	60,750	195,750	595,463
2037	403,019	135,000	56,025	191,025	594,044
2038	411,113	130,000	51,300	181,300	592,413
2039	408,713	140,000	46,100	186,100	594,813
2040	416,206	135,000	40,500	175,500	591,706
2041	418,375	140,000	35,100	175,100	593,475
2042	425,325	135,000	29,500	164,500	589,825
2043	431,950	135,000	24,100	159,100	591,050
2044	437,950	135,000	18,700	153,700	591,650
2045	443,613	135,000	14,988	149,988	593,600
2046	178,938	200,000	11,275	211,275	390,213
2047	–	210,000	5,775	215,775	215,775
Total (b)	$ 9,269,638	$ 3,400,000	$ 1,749,717	$ 5,149,717	$ 14,419,354

(a) Outstanding Debt Service as of delivery of the Bonds.
(b) Totals may not sum due to rounding.

Average Annual Debt Service Requirement (2023–2047)........ $ 576,774

Maximum Annual Debt Service Requirement (2025)........ $ 618,031

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Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt June 30, 2022	Overlapping Debt Percent	Overlapping Debt Amount
Harris County	$ 1,682,992,125	0.02%	$ 346,875
Harris County Department of Education	20,185,000	0.02%	4,159
Harris County Flood Control District	584,900,000	0.02%	122,630
Harris County Hospital District	76,385,000	0.02%	16,012
Houston Community College	469,970,000	0.04%	179,143
Spring Branch ISD	795,815,000	0.29%	2,334,675
City of Houston	3,163,795,000	0.04%	1,271,291
Port of Houston Authority	469,434,397	0.02%	99,201
Total Estimated Overlapping Debt			$ 4,373,985
Direct Debt (a)			$ 10,530,000
Total Direct and Estimated Overlapping Debt (a)			$ 14,903,985

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):

As a Percentage of the 2021 Taxable Assessed Valuation	9.81 %
As a Percentage of the 2022 Preliminary Assessed Valuation	6.24 %
As a Percentage of the Estimated Valuation as of May 15, 2022	5.83 %

Ratio of Direct and Estimated Overlapping Debt (a):

As a Percentage of the 2021 Taxable Assessed Valuation	13.88 %
As a Percentage of the 2022 Preliminary Assessed Valuation	8.83 %
As a Percentage of the Estimated Valuation as of May 15, 2022	8.25 %

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation" and "INVESTMENT CONSIDERATIONS – Future Debt."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Harris County Appraisal District (the "Appraisal District"). The Appraisal District has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. For the 2022 tax year, the District granted a $10,000 exemption to residents 65 years of age or older and to certain other disabled persons. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions*:* The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within one hundred seventy-five (175) days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the City has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

Tax Exemption for Property Damaged by Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Tax Payment Installments

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance and operation purposes and authorized contractual obligations. Taxes are due June 1, or when billed, whichever comes later, and become delinquent if not paid before October 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, 60 days after the date the taxes become delinquent (December 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2021 tax year, the District was classified as a "Developing District" by the Board of Directors. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Order, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2021 tax year, the District levied a total tax rate of $0.75 per $100 of assessed valuation, comprised of a maintenance and operations tax rate of $0.39 per $100 of assessed valuation and a debt service tax rate of $0.36 per $100 of assessed valuation.

Tax Rate Limitation

Debt Service: .... Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: .... $1.50 per $100 taxable assessed valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2021 tax year, the District levied a debt service tax rate of $0.36 per $100 of assessed valuation. Such tax is in addition to taxes that the District is authorized to levy for maintenance and operation purposes. See "TAX DATA – Tax Rate Distribution."

Maintenance and Operation Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operations of the District's improvements if such maintenance and operations tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance and operations tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. For the 2021 tax year, the District levied a maintenance and operations tax rate of $0.39 per $100 of assessed valuation. See "Tax Rate Distribution."

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES," certain property in the District may be exempt from taxation by the District. For the 2022 tax year, the District granted a $10,000 exemption to persons 65 years of age or older and to certain other disabled persons.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2018–2021 tax years:

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 06/30/2022
2018	$ 29,473,593	$ 0.750	$ 221,052	100.00%	2019	100.00%
2019	38,478,476	0.750	288,589	99.69%	2020	100.00%
2020	80,498,477	0.750	603,739	99.91%	2021	100.00%
2021	107,349,106	0.750	805,118	99.62% (a)	2022	99.62%

(a) Collections as of June 30, 2022.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for the 2018–2021 tax years.

	2021	2020	2019	2018
Debt Service	$ 0.360	$ 0.210	$ 0.000	$ 0.000
Maintenance & Operations	0.390	0.540	0.750	0.750
Total	$ 0.750	$ 0.750	$ 0.750	$ 0.750

Analysis of Tax Base

The following represents the types of property comprising the District's taxable assessed valuation as of January 1 for the 2018–2021 tax years.

Type of Property	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation	2019 Taxable Assessed Valuation	2018 Taxable Assessed Valuation
Land	$ 58,822,049	$ 47,524,554	$ 31,161,335	$ 29,473,134
Improvements	54,246,923	34,004,857	7,422,875	15,500
Personal Property	648,281	401,154	189,870	6,287
Exemptions	(6,368,147)	(1,432,088)	(295,604)	(21,328)
Total	$ 107,349,106	$ 80,498,477	$ 38,478,476	$ 29,473,593

Principal Taxpayers

The following represents the principal taxpayers, type of property and their taxable assessed valuations as of January 1, 2021:

Taxpayer	Type of Property	2021 Tax Roll Assessed Valuation	Percent of 2021 Assessed Valuation
Meritage Homes of Texas LLC (a)	Land, Improvements & Personal Property	$ 14,686,251	13.68%
Metro National Corp.	Land & Improvements	7,961,461	7.42%
Spring Brook Village Prop.	Land & Improvements	1,551,380	1.45%
Homeowner	Land & Improvements	511,210	0.48%
Homeowner	Land & Improvements	490,840	0.46%
Homeowner	Land & Improvements	486,510	0.45%
Homeowner	Land & Improvements	479,900	0.45%
Homeowner	Land & Improvements	463,658	0.43%
Homeowner	Land & Improvements	453,470	0.42%
Homeowner	Land & Improvements	447,867	0.42%
Total		$ 27,532,547	25.65%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurs beyond the District's taxable assessed valuation as of January 1, 2021 ($107,349,106), the preliminary assessed valuation as of January 1, 2022 ($168,709,966) or the estimated valuation as of May 15, 2022 ($180,661,846). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2023–2047)	$ 576,774
Debt Service Tax Rate of $0.57 on the 2021 Taxable Assessed Valuation Produces	$ 581,295
Debt Service Tax Rate of $0.36 on the 2022 Preliminary Assessed Valuation Produces	$ 576,988
Debt Service Tax Rate of $0.34 on the Estimated Valuation as of May 15, 2022, Produces	$ 583,538
Maximum Annual Debt Service Requirement (2025)	$ 618,031
Debt Service Tax Rate of $0.61 on the 2021 Taxable Assessed Valuation Produces	$ 622,088
Debt Service Tax Rate of $0.39 on the 2022 Preliminary Assessed Valuation Produces	$ 625,070
Debt Service Tax Rate of $0.37 on the Estimated Valuation as of May 15, 2022, Produces	$ 635,026

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions. See "DISTRICT DEBT –Direct and Estimated Overlapping Debt Statement", certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2021 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2020 Tax Rate
Spring Branch ISD	$ 1.304300
Harris County	0.376930
Harris County Flood Control	0.033490
Port of Houston Authority	0.008720
Harris County Hospital District	0.162210
Harris County Department of Education	0.004990
City of Houston	0.550830
Spring Branch Management District	0.100000
The District	0.750000
Total Overlapping Tax Rate	$ 3.291470

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas; Harris County, Texas (the "County"); the City of Houston, Texas (the "City" or "Houston"); or any political subdivision other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District the taxes levied against all taxable property located within the District, or, in the event such taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA" and "TAXING PROCEDURES."

Infectious Disease Outbreak – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry will have on property values in the District.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The District is situated in the Houston metropolitan area and the rate of development of the District is directly related to the vitality of the residential housing industry in said metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowners/Developer: While the Developer has informed the District of its current plans to continue to develop land in the District for residential purposes, there is no commitment by, or legal requirement of, the principal landowners, the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2021, the District's top ten principal taxpayers, which includes the Developer, owned property located within the District the aggregate taxable assessed valuation of which comprised approximately 25.65% of the District's total assessed valuation.

In the event that the Developer, any other principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2021, of all taxable property located within the District is $107,349,106, the preliminary assessed valuation as of January 1, 2022, is $168,709,966, and the estimated valuation as of May 15, 2022, is $180,661,846. See "DISTRICT DEBT."

After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds (2025) will be $618,031 and the average annual debt service requirement on the Bonds and the Outstanding Bonds (2023–2047) will be $576,774. Assuming no decrease to the District's taxable assessed valuation as of January 1, 2021, tax rates of $0.61 and $0.57 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and the average annual debt service requirement on the Bonds and the Outstanding Bonds, respectively. Assuming no decrease from the District's preliminary assessed valuation as of January 1, 2022, tax rates of $0.39 and $0.36 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and the average annual debt service requirement on the Bonds and the Outstanding Bonds, respectively. Assuming no decrease from the District's estimated valuation as of May 15, 2022, tax rates of $0.37 and $0.34 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds and the Outstanding Bonds and the average annual debt service requirement on the Bonds and the Outstanding Bonds, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2021 tax year, the District levied a total tax rate of $0.75 per $100 of assessed valuation, comprised of a maintenance and operations tax of $0.39 per $100 of assessed valuation and a debt service tax of $0.36 per $100 of assessed valuation. See "DISTRICT DEBT" and "TAX DATA."

Competitive Nature of Residential Housing Market

The housing industry in the Houston metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two (2) years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayer's right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners of the Bonds (the "Registered Owners") have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owners' claims.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district.

A municipal utility district cannot be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on May 5, 2018, voters of the District authorized the District's issuance of $78,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System and $117,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $27,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and $40,500,000 principal amount of unlimited tax bonds for the refunding of such bonds; and $7,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Park System and $10,500,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. See "THE BONDS – Authority of Issuance."

The Bonds represent the third series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $67,275,000 for the purpose of constructing or acquiring the Utility System and $117,000,000 for the purpose of refunding such bonds; $27,000,000 for the purpose of constructing or acquiring the Road System and $40,500,000 for the purpose of refunding such bonds; and $7,000,000 for the purpose of constructing or acquiring the Park System and $10,500,000 for the purpose of refunding such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District, as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS – Issuance of Additional Debt."

According to the Developer, following the issuance of the Bonds, the District will owe the Developer approximately $4,674,040 for its expenditures to construct the Utility System, approximately $2,259,226 for expenditures to construct the Road System, and approximately $823,874 for expenditures to construct the Park System in the District.

Approval of the Bonds

As required by law, engineering plans, specifications, and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to delivery. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the safety of the Bonds as an investment, nor have such authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities.

Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb") and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ's "redesignation substitute" for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in South Coast Air Quality Management District v. EPA, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States," and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Hurricane Harvey and Tropical Storm Imelda

The Houston area, including the District, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 25, 2017 and during Tropical Storm Imelda on September 19, 2019. While no facilities or homes had been built prior to Harvey, according to the District's engineer, Imelda did not cause damage to the District's water, sanitary sewer and drainage facilities, and there was no interruption of water and sewer service in the District. Further, to the best knowledge of the Developer and the engineer, no homes in the District experienced structural flooding or other material damage. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Houston area. Additional extreme weather events have the potential to cause damage within the District and the Houston area generally could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flood. Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood. Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Harris County and City of Houston Floodplain Regulations

As a direct result of Hurricane Harvey, the County and the City adopted new rules and amended existing regulations relating to minimizing the potential impact of new development on drainage and mitigating flooding risks. The new and amended Harris County regulations took effect January 1, 2018, and the new and amended City of Houston regulations took effect September 1, 2018.

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures in the 100-year and 500-year floodplains. Additionally, the Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City of Houston floodplain regulations govern construction projects in the corporate jurisdiction of the City and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City of Houston regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements to meet the new and amended City of Houston regulations.

The new and amended Harris County and City of Houston regulations may have a negative impact on new development in and around the District as well as on the rehabilitation of existing homes impacted by flooding or other natural disasters.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, freezes or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Subject to certain conditions, owners of qualified property in a Governor-declared disaster area are entitled to a temporary property tax exemption if such qualified property is at least fifteen percent (15%) damaged, and the owner of such property applies for the exemption within a specified time frame. See "TAXING PROCEDURES – Tax Exemption for Property Damaged by Disaster."

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Operating Funds

The District's sources of revenue to pay its operating expenses include water and sewer revenues, advances from the Developer, proceeds from bond issues, and maintenance and operations tax proceeds. The District levied a 2021 maintenance and operations tax at the rate of $0.39 per $100 of assessed valuation. The District's Operating Fund balance at July 11, 2022, was $400,905. Maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) increased amounts of water and sewer revenue and maintenance and operations tax revenue, and (3) funds from bond issues. In the event that funds are not made available by the Developer, the District may be required to levy a maintenance and operations tax at a rate sufficient to fund its operating expenses. Such an increase to the tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "THE UTILITY SYSTEM – General Fund Operating Statement."

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATINGS."

The obligations of the bond insurer are contractual obligations and in an event of default by the bond insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District or Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; and by the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax.

Except as noted below, Bond Counsel did not take part in the preparation of this Official Statement. Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT - Authority," and "-Investment Policy," "THE BONDS" (except under the subheadings "Book-Entry-Only System," and "– Use and Distribution of Bond Proceeds"), "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or any Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their actual knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

The delivery of the Bonds is subject to an opinion of Bond Counsel, to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds, pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) is excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not a specific preference item for purposes of the federal alternative minimum tax. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law; clarification of the Code; or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the

District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bond. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2022 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2022.

Notwithstanding this exception, financial institutions acquiring the bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and Registered Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The information to be updated with respect to the Distict includes the quantitative financial information and operating data which will be provided with respect to the District is found in “DISTRICT DEBT,” “TAX DATA,” and “APPENDIX A.” The District will update and provide this information to the MSRB within six (6) months after the end of each of its fiscal years ending in or after 2022.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the “Rule”). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in “APPENDIX A” or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports.”

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District has been in material compliance with its prior continuing disclosure agreements made in accordance with SEC Rule15c2-12. The District entered into its first continuing disclosure agreement in 2020.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's financial statements for the fiscal year ended September 30, 2021, were audited by McGrath & Co., PLLC, and have been included herein as "APPENDIX A." McGrath & Co., PLLC, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Location," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources that are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 552 as of the date shown on the cover page hereof.

/s/ Ben Gillis
President, Board of Directors
Harris County Municipal Utility District No. 552

ATTEST:

/s/ Ben Pisklak
Secretary, Board of Directors
Harris County Municipal Utility District No. 552

APPENDIX A

Financial Statements of the District

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 552

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2021

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 552
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 552, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

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Tayo Ilori, CPA, CFE
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Crystal V. Horn, CPA
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 552, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
February 14, 2022

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Harris County Municipal Utility District No. 552 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at September 30, 2021, was negative $4,630,921. The District's net position is negative because the District incurs debt to construct certain facilities which it conveys to the City of Houston. A comparative summary of the District's overall financial position, as of September 30, 2021 and 2020, is as follows:

	2021	2020
Current and other assets	$ 772,164	$ 657,326
Capital assets	20,832,531	10,486,286
Total assets	21,604,695	11,143,612
Current liabilities	265,397	48,898
Long-term liabilities	25,970,219	14,935,904
Total liabilities	26,235,616	14,984,802
Net position		
Net investment in capital assets	(2,078,708)	(1,152,015)
Restricted	240,853	148,544
Unrestricted	(2,793,066)	(2,837,719)
Total net position	$ (4,630,921)	$ (3,841,190)

The total net position of the District decreased during the current fiscal year by $789,731. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2021	2020
Revenues		
Property taxes, penalties and interest	$ 607,067	$ 292,689
Water and sewer service	220,297	151,785
Other	4,291	6,322
Total revenues	831,655	450,796
Expenses		
Operating and administrative	617,038	443,844
Debt interest and fees	115,393	67,886
Developer interest	122,208	150,757
Debt issuance costs	337,120	503,502
Depreciation and amortization	316,801	192,173
Total expenses	1,508,560	1,358,162
Change in net position before other item	(676,905)	(907,366)
Other item		
Transfers to other governments	(112,826)	(2,251,759)
Change in net position	(789,731)	(3,159,125)
Net position, beginning of year	(3,841,190)	(682,065)
Net position, end of year	$ (4,630,921)	$ (3,841,190)

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2021, were $712,391, which consists of $262,322 in the General Fund, $251,847 in the Debt Service Fund, and $198,222 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 319,551	$ 190,992
Total liabilities	$ 56,859	$ 38,689
Total deferred inflows	370	910
Total fund balance	262,322	151,393
Total liabilities, deferred inflows and fund balance	$ 319,551	$ 190,992

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 653,069	$ 449,869
Total expenditures	(541,394)	(356,104)
Revenues over expenditures	111,675	93,765
Other changes in fund balance	(746)	37,250
Net change in fund balance	$ 110,929	$ 131,015

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and the provision of water and sewer services to customers within the District. In the prior year, the District received developer advances to fund operating costs. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 254,391	$ 156,724
Total liabilities	$ 2,399	$ 3,960
Total deferred inflows	145	
Total fund balance	251,847	152,764
Total liabilities, deferred inflows and fund balance	$ 254,391	$ 156,724

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 178,937	$ 17
Total expenditures	(113,070)	
Revenues over expenditures	65,867	17
Other changes in fund balance	33,216	152,747
Net change in fund balance	$ 99,083	$ 152,764

The District's financial resources in the Debt Service Fund in the current year are from property tax revenues and capitalized interest from the sale of bonds. During the previous fiscal year, financial resources consisted of capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 198,222	$ 309,610
Total liabilities	$ -	$ 2,029
Total fund balance	198,222	307,581
Total liabilities and fund balance	$ 198,222	$ 309,610

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2021	2020
Total revenues	$ 44	$ -
Total expenditures	(3,184,732)	(3,651,905)
Revenues under expenditures	(3,184,688)	(3,651,905)
Other changes in fund balance	3,075,329	3,959,486
Net change in fund balance	$ (109,359)	$ 307,581

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds and Series 2020 Bond Anticipation Note in the current year and issuance of its Series 2020 Unlimited Tax Bonds and Series 2019 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $89,261 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at September 30, 2021 and 2020 are summarized as follows:

	2021	2020
Capital assets not being depreciated/amortized		
Land and improvements	$ 11,974,129	$ 4,328,241
Capital assets being depreciated/amortized		
Infrastructure	4,873,056	4,378,783
Landscaping improvements	3,760,962	1,738,099
Capacity charges	818,507	318,485
	9,452,525	6,435,367
Less accumulated depreciation/amortization		
Less accumulated depreciation	(238,177)	(129,887)
Landscaping improvements	(319,560)	(131,511)
Capacity charges	(36,386)	(15,924)
	(594,123)	(277,322)
Depreciable capital assets, net	8,858,402	6,158,045
Capital assets, net	$ 20,832,531	$ 10,486,286

Capital asset additions during the current year include the following:

- Land acquisitions for detention facilities
- Spring Brook Village – Phase 2 right-of-way landscaping improvements
- Spring Brook Village – Section 4 right-of-way masonry
- Spring Brook Village – Section 4 right-of-way landscaping improvements
- Spring Brook Village – Section 4 Reserves masonry
- Spring Brook Village – Section 4 entry landscaping improvements
- Spring Brook Village – Section 4 reserves landscaping improvements
- Spring Brook Village - offsite grading, drainage facilities and outfall modifications

Additionally, certain capital assets constructed by the District are conveyed to the City of Houston. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developer is reimbursed. For the year ended September 30, 2021, capital assets in the amount of $112,826 have been recorded as transfers to other governments for adjustments to due to developer for projects completed in previous fiscal years. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of September 30, 2021, the District owes approximately $18,789,050 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $2,991,883 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At September 30, 2021 and 2020, the District had total bonded debt outstanding as shown below:

Series	2021	2020
2020	$ 4,195,000	$ 4,195,000
2021	3,130,000	
	$ 7,325,000	$ 4,195,000

During the current year, the District issued $3,130,000 in unlimited tax bonds. At September 30, 2021, the District had $70,675,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $117,000,000 for the refunding of such bonds; $7,000,000 for parks and recreational facilities and $10,500,000 for the refunding of such bonds; and $27,000,000 for road improvements and $40,500,000 for the refunding of such bonds.

During the current year, the District issued a $2,391,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District repaid the BAN with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds. See Note 6 for additional information.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers.

A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2021 Actual	2022 Budget
Total revenues	$ 653,069	$ 782,691
Total expenditures	(541,394)	(650,635)
Revenues over expenditures	111,675	132,056
Other changes in fund balance	(746)	
Net change in fund balance	110,929	132,056
Beginning fund balance	151,393	262,322
Ending fund balance	$ 262,322	$ 394,378

Property Taxes

The District's property tax base increased approximately $26,504,000 for the 2021 tax year from $80,498,477 to $107,002,933. This increase was primarily due to new construction in the District and increased property values. For the 2021 tax year, the District has levied a maintenance tax rate of $0.39 per $100 of assessed value and a debt service tax rate of $0.36 per $100 of assessed value, for a total combined tax rate of $0.75 per $100. Tax rates for the 2020 tax year were $0.54 per $100 for maintenance and operations and $0.21 per $100 for debt service for a combined total of $0.75 per $100 of assessed value.

Basic Financial Statements

Harris County Municipal Utility District No. 552
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 16,295	$ 13,712	$ 85	$ 30,092	$ -	$ 30,092
Investments	235,254	250,600	198,137	683,991		683,991
Taxes receivable	370	145		515		515
Customer service receivables	52,140			52,140		52,140
Prepaid items	5,297			5,297		5,297
Other receivables		129		129		129
Internal balances	10,195	(10,195)				
Capital assets not being depreciated					11,974,129	11,974,129
Capital assets, net					8,858,402	8,858,402
Total Assets	$ 319,551	$ 254,391	$ 198,222	$ 772,164	20,832,531	21,604,695
Liabilities						
Accounts payable	$ 26,597	$ -	$ -	$ 26,597		26,597
Other payables	1,462			1,462		1,462
Customer deposits	28,800			28,800		28,800
Accrued interest payable		2,399		2,399	11,139	13,538
Due to developer					18,789,050	18,789,050
Long-term debt						
Due within one year					195,000	195,000
Due after one year					7,181,169	7,181,169
Total Liabilities	56,859	2,399		59,258	26,176,358	26,235,616
Deferred Inflows of Resources						
Deferred property taxes	370	145		515	(515)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	5,297			5,297	(5,297)	
Restricted		251,847	198,222	450,069	(450,069)	
Unassigned	257,025			257,025	(257,025)	
Total Fund Balance	262,322	251,847	198,222	712,391	(712,391)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 319,551	$ 254,391	$ 198,222	$ 772,164		
Net Position						
Net investment in capital assets					(2,078,708)	(2,078,708)
Restricted for debt service					240,853	240,853
Unrestricted					(2,793,066)	(2,793,066)
Total Net Position					$ (4,630,921)	$ (4,630,921)

See notes to basic financial statements.

__Harris County Municipal Utility District No. 552__
__Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances__
__For the Year Ended September 30, 2021__

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water and sewer service	$ 220,297	$ -	$ -	$ 220,297	$ -	$ 220,297
Property taxes	426,880	177,254		604,134	(395)	603,739
Penalties and interest	2,061	1,267		3,328		3,328
Tap connection and inspection	3,125			3,125		3,125
Miscellaneous	470	95		565		565
Investment earnings	236	321	44	601		601
Total Revenues	653,069	178,937	44	832,050	(395)	831,655
Expenditures/Expenses						
Current service operations						
Purchased services	241,251			241,251		241,251
Professional fees	75,850		60,405	136,255		136,255
Contracted services	73,423	11,486		84,909		84,909
Repairs and maintenance	75,550			75,550		75,550
Administrative	23,707	1,733		25,440		25,440
Other	51,613	1,980	40	53,633		53,633
Capital outlay			2,652,224	2,652,224	(2,652,224)	
Debt service						
Interest and fees		97,871	12,735	110,606	4,787	115,393
Developer interest			122,208	122,208		122,208
Debt issuance costs			337,120	337,120		337,120
Depreciation and amortizaton					316,801	316,801
Total Expenditures/Expenses	541,394	113,070	3,184,732	3,839,196	(2,330,636)	1,508,560
Revenues Over (Under) Expenditures/Expenses	111,675	65,867	(3,184,688)	(3,007,146)	2,330,241	(676,905)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		33,216	3,096,784	3,130,000	(3,130,000)	
Bond anticipation note proceeds			2,391,000	2,391,000	(2,391,000)	
Repayment of bond anticipation note			(2,391,000)	(2,391,000)	2,391,000	
Repayment of operating advances			(22,201)	(22,201)	22,201	
Internal transfers	(746)		746			
Other Items						
Transfers to other governments					(112,826)	(112,826)
Net Change in Fund Balances	110,929	99,083	(109,359)	100,653	(100,653)	
Change in Net Position					(789,731)	(789,731)
Fund Balances/Net Position						
Beginning of the year	151,393	152,764	307,581	611,738	(4,452,928)	(3,841,190)
End of the year	$ 262,322	$ 251,847	$ 198,222	$ 712,391	$ (5,343,312)	$ (4,630,921)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 552 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established by House Bill 1455, 85th Regular Session of the Texas Legislature, codified at Chapter 7978, Texas Special District Local Law Code, effective June 15, 2017, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on June 29, 2017 and the first bonds were issued on September 15, 2020.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. As further discussed in Note 10, the District transfers certain facilities to the City of Houston for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current year, financial resources included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2021, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of drainage facilities landscaping improvements and water and wastewater impact fees paid to the City of Houston, are depreciated or amortized the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	20 years
Impact fees	40 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Houston and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 712,391
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 21,426,654	
Less accumulated depreciation	(594,123)	
Change due to capital assets		20,832,531
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(7,376,169)	
Interest payable on bonds	(11,139)	
Change due to long-term debt		(7,387,308)
Amounts due to the District's developer for operating and construction advances are recorded as a liability in the *Statement of Net Position*.		(18,789,050)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		515
Total net position - governmental activities		$ (4,630,921)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ 100,653
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes.		(395)
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset. Other assets are recorded as transfers to other governments.		
Capital outlays	$ 2,652,224	
Depreciation/amortization expense	(316,801)	
Transfers to other governments	(112,826)	
		2,222,597
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long term debt	(3,130,000)	
Issuance of bond anticipation note	(2,391,000)	
Repayment of bond anticipation note	2,391,000	
Interest expense accrual	(4,787)	
		(3,134,787)
Amounts repaid to the District's developer for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position.*		22,201
Change in net position of governmental activities		$ (789,731)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Note 3 – Deposits and Investments

Investments (continued)

As of September 30, 2021, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	$ 100,000	15%	N/A	N/A
Texas CLASS	General	235,254			
	Debt Service	150,600			
	Capital Projects	198,137			
		583,991	85%	AAAm	53 days
Total		$ 683,991	100%		

The District's investments in certificates of deposit are reported at cost.

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and Wells Fargo Bank as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Note 3 – Deposits and Investments

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2021, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 10,195	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

During the current year, the District transferred $746 from the General Fund to the Capital Projects Fund to fund a portion of developer reimbursements.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2021, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 4,328,241	$ 7,645,888	$ 11,974,129
Capital assets being depreciated/amortized			
Infrastructure	4,378,783	494,273	4,873,056
Landscaping improvements	1,738,099	2,022,863	3,760,962
Capacity charges	318,485	500,022	818,507
	6,435,367	3,017,158	9,452,525
Less accumulated depreciation/amortization			
Infrastructure	(129,887)	(108,290)	(238,177)
Landscaping improvements	(131,511)	(188,049)	(319,560)
Capacity charges	(15,924)	(20,462)	(36,386)
	(277,322)	(316,801)	(594,123)
Subtotal depreciable capital assets, net	6,158,045	2,700,357	8,858,402
Capital assets, total	$ 10,486,286	$ 10,346,245	$ 20,832,531

Depreciation/amortization expense for the current year was $316,801.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

On November 23, 2020, the District issued a $2,391,000 BAN with an interest rate of 0.65%, which is due on November 22, 2021. The district paid this BAN on September 14, 2021 with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds.

The effect of this transaction on the District's short-term obligations are as follows:

Beginning balance	$ -
Amounts borrowed	2,391,000
Amounts repaid	(2,391,000)
Ending balance	$ -

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developer, beginning of year	$ 10,687,603
Developer funded construction and adjustments	10,775,872
Developer reimbursements	(2,652,224)
Repayment of operating advances	(22,201)
Due to developer, end of year	$ 18,789,050

In addition, the District will owe the developers approximately $2,991,883, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Spring Brook Village amenity center public landscaping	$ 725,074	$ 660,285	$ 64,789
Spring Brook Village common areas	1,737,424	1,569,263	168,161
Spring Brook Village elevated walk	226,172	2,719	223,453
Spring Brook Village windfern road masonry	303,213	231,447	71,766
	$ 2,991,883	$ 2,463,714	$ 528,169

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 7,325,000
Unamortized premium	51,169
	$ 7,376,169
Due within one year	$ 195,000

Note 8 – Long-Term Debt (continued)

The District's bonds payable at September 30, 2021, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2020	$ 4,195,000	$ 4,195,000	2.125% - 4.625%	September 1, 2022 - 2045	March 1, September 1	September 1, 2025
2021	3,130,000	3,130,000	2.00% - 2.25%	September 1, 2022 - 2046	March 1, September 1	September 1, 2026
	$ 7,325,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2021, the District had authorized but unissued bonds in the amount of $70,675,000 for water, sewer and drainage facilities and $117,000,000 for the refunding of such bonds; $7,000,000 for park and recreational facilities and $10,500,000 for the refunding of such bonds; and $27,000,000 for road improvements and $40,500,000 for the refunding of such bonds.

On September 14, 2021, the District issued its $3,130,000 Series 2021 Unlimited Tax Bonds at a net effective interest rate of 2.345640%. Proceeds of the bonds were used to (1) reimburse developers for the following: the construction of capital assets within the District; the acquisition of land for certain District facilities; and operating advances (2) to repay a $2,391,000 BAN issued in the current fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$	4,195,000
Bonds issued		3,130,000
Bonds payable, end of year	$	7,325,000

Note 8 – Long-Term Debt (continued)

As of September 30, 2021, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2022	$ 195,000	$ 168,262	$ 363,262
2023	205,000	161,475	366,475
2024	210,000	154,356	364,356
2025	220,000	147,006	367,006
2026	225,000	139,325	364,325
2027	235,000	134,662	369,662
2028	245,000	129,794	374,794
2029	250,000	124,718	374,718
2030	260,000	119,537	379,537
2031	265,000	114,150	379,150
2032	275,000	108,656	383,656
2033	285,000	102,956	387,956
2034	290,000	97,050	387,050
2035	305,000	91,037	396,037
2036	315,000	84,711	399,711
2037	325,000	78,019	403,019
2038	340,000	71,113	411,113
2039	345,000	63,713	408,713
2040	360,000	56,206	416,206
2041	370,000	48,376	418,376
2042	385,000	40,326	425,326
2043	400,000	31,950	431,950
2044	415,000	22,950	437,950
2045	430,000	13,613	443,613
2046	175,000	3,938	178,938
	$ 7,325,000	$ 2,307,899	$ 9,632,899

Note 9 – Property Taxes

On May 11, 2018, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and a rate limited to $0.10 per $100 of assessed value for the maintenance of parks and recreational facilities. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 9 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Harris County Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2021 fiscal year was financed through the 2020 tax levy, pursuant to which the District levied property taxes of $0.75 per $100 of assessed value, of which $0.54 was allocated to maintenance and operations and $0.21 was allocated to debt service. The resulting tax levy was $603,739 on the adjusted taxable value of $80,498,477.

Note 10 – Transfers to Other Governments

The District transfers certain water, sewer and road facilities to the City of Houston (the "City) upon completion of construction. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended September 30, 2021, the District reported transfers to other governments in the amount of $112,826 for adjustments to due to developer for projects completed in previous fiscal years.

Note 11 – Water Supply Contract with the City of Houston

On June 10, 2019, the District entered into a Water Supply Contract (the "Contract") with the City of Houston (the "City") to obtain water supply services from the City on a monthly basis. The District will pay the City a monthly fee for these services based on the same rates charged to similar users within the City. During the current year, the District recorded expenditures of $241,251 for water purchased from the City.

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 13 – Subsequent Event

On December 22, 2021, the District issued its $1,925,000 Series 2021 Bond Anticipation Note with an interest rate of 0.990%, which is due December 21, 2022. Proceeds from the BAN were used to reimburse the District developer for infrastructure improvements in the District, impact fees paid to the City of Houston, and the acquisition of land for certain District facilities.

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Required Supplementary Information

Harris County Municipal Utility District No. 552
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended September 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water & sewer service	$ 193,000	$ 220,297	$ 27,297
Property taxes	430,000	426,880	(3,120)
Penalties and interest	1,500	2,061	561
Tap connection and inspection	3,300	3,125	(175)
Miscellaneous	3,500	470	(3,030)
Investment earnings	340	236	(104)
Total Revenues	631,640	653,069	21,429
Expenditures			
Current service operations			
Purchased services	149,600	241,251	(91,651)
Professional fees	68,200	75,850	(7,650)
Contracted services	63,000	73,423	(10,423)
Repairs and maintenance	101,500	75,550	25,950
Administrative	30,850	23,707	7,143
Other	18,300	51,613	(33,313)
Total Expenditures	431,450	541,394	(109,944)
Revenues Over Expenditures	200,190	111,675	(88,515)
Other Financing Uses			
Internal transfers		(746)	(746)
Net Change in Fund Balance	200,190	110,929	(89,261)
Fund Balance			
Beginning of the year	151,393	151,393	
End of the year	$ 351,583	$ 262,322	$ (89,261)

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

1. Services provided by the District During the Fiscal Year:

- [X] Retail Water
- [ ] Wholesale Water
- [ ] Solid Waste/Garbage
- [X] Drainage
- [X] Retail Wastewater
- [ ] Wholesale Wastewater
- [ ] Flood Control
- [ ] Irrigation
- [ ] Parks/Recreation
- [ ] Fire Protection
- [ ] Roads
- [ ] Security
- [ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- [ ] Other (Specify): ____________

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Wastewater/Water:	$ 95.00	N/A	Y	N/A	- to no limit
					to
Surcharge:	N/A				to

District employs winter averaging for wastewater usage? [ ] Yes [ ] No

b. Water and Wastewater Retail Connections: N/A

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	289	288	x 1.0	288
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	289	288		288
Total Wastewater	289	288	x 1.0	288

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year:

Gallons pumped into system:	11,961,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	11,961,000	100.00%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ______

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ______

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Harris County

Is the District located within a city? Entirely [X] Partly [ ] Not at all [ ]

City(ies) in which the District is located: City of Houston

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located: ______

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? ______

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2021

Purchased services	$ 241,251
Professional fees	
Legal	50,819
Audit	12,750
Engineering	12,281
	75,850
Contracted services	
Bookkeeping	26,736
Garbage collection	46,687
	73,423
Repairs and maintenance	75,550
Administrative	
Directors fees	5,100
Printing and office supplies	2,805
Insurance	7,043
Other	8,759
	23,707
Other	51,613
Total expenditures	$ 541,394

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-3. Investments
September 30, 2021

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Texas CLASS	Variable	N/A	$ 235,254	$ -
Debt Service				
Texas CLASS	Variable	N/A	150,600	
Certificates of deposit	0.35%	02/12/22	100,000	129
			250,600	129
Capital Projects				
Texas CLASS	Variable	N/A	198,137	
Total - All Funds			$ 683,991	$ 129

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-4. Taxes Levied and Receivable
September 30, 2021

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 910	$ -	$ 910
2020 Original Tax Levy	350,717	136,390	487,107
Adjustments	83,975	32,657	116,632
Adjusted Tax Levy	434,692	169,047	603,739
Tax collections:			
Current year	434,322	168,902	603,224
Prior years	910		910
Total Collections	435,232	168,902	604,134
Taxes Receivable, End of Year	$ 370	$ 145	$ 515
Taxes Receivable, By Years			
2020	$ 370	$ 145	$ 515

	2020	2019	2018
Property Valuations:			
Land	$ 47,524,554	$ 31,161,335	$ 29,473,134
Improvements	34,004,857	7,422,875	15,500
Personal Property	401,154	189,870	6,287
Exemptions	(1,432,088)	(295,604)	(21,328)
Total Property Valuations	$ 80,498,477	$ 38,478,476	$ 29,473,593
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 0.54	$ 0.75	$ 0.75
Debt service tax rates	0.21		
Total Tax Rates per $100 Valuation	$ 0.75	$ 0.75	$ 0.75
Adjusted Tax Levy:	$ 603,739	$ 288,589	$ 221,052
Percentage of Taxes Collected to Taxes Levied **	99.91%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 11, 2018.

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 110,000	$ 101,831	$ 211,831
2023	115,000	96,744	211,744
2024	120,000	91,425	211,425
2025	125,000	85,875	210,875
2026	130,000	80,094	210,094
2027	135,000	77,331	212,331
2028	140,000	74,463	214,463
2029	145,000	71,487	216,487
2030	150,000	68,406	218,406
2031	155,000	65,219	220,219
2032	160,000	61,925	221,925
2033	165,000	58,525	223,525
2034	170,000	55,019	225,019
2035	180,000	51,406	231,406
2036	185,000	47,580	232,580
2037	190,000	43,650	233,650
2038	200,000	39,613	239,613
2039	205,000	35,363	240,363
2040	215,000	31,006	246,006
2041	220,000	26,438	246,438
2042	230,000	21,763	251,763
2043	240,000	16,875	256,875
2044	250,000	11,475	261,475
2045	260,000	5,850	265,850
	$ 4,195,000	$ 1,319,363	$ 5,514,363

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 85,000	$ 66,431	$ 151,431
2023	90,000	64,731	154,731
2024	90,000	62,931	152,931
2025	95,000	61,131	156,131
2026	95,000	59,231	154,231
2027	100,000	57,331	157,331
2028	105,000	55,331	160,331
2029	105,000	53,231	158,231
2030	110,000	51,131	161,131
2031	110,000	48,931	158,931
2032	115,000	46,731	161,731
2033	120,000	44,431	164,431
2034	120,000	42,031	162,031
2035	125,000	39,631	164,631
2036	130,000	37,131	167,131
2037	135,000	34,369	169,369
2038	140,000	31,500	171,500
2039	140,000	28,350	168,350
2040	145,000	25,200	170,200
2041	150,000	21,938	171,938
2042	155,000	18,563	173,563
2043	160,000	15,075	175,075
2044	165,000	11,475	176,475
2045	170,000	7,763	177,763
2046	175,000	3,938	178,938
	$ 3,130,000	$ 988,536	$ 4,118,536

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 195,000	$ 168,262	$ 363,262
2023	205,000	161,475	366,475
2024	210,000	154,356	364,356
2025	220,000	147,006	367,006
2026	225,000	139,325	364,325
2027	235,000	134,662	369,662
2028	245,000	129,794	374,794
2029	250,000	124,718	374,718
2030	260,000	119,537	379,537
2031	265,000	114,150	379,150
2032	275,000	108,656	383,656
2033	285,000	102,956	387,956
2034	290,000	97,050	387,050
2035	305,000	91,037	396,037
2036	315,000	84,711	399,711
2037	325,000	78,019	403,019
2038	340,000	71,113	411,113
2039	345,000	63,713	408,713
2040	360,000	56,206	416,206
2041	370,000	48,376	418,376
2042	385,000	40,326	425,326
2043	400,000	31,950	431,950
2044	415,000	22,950	437,950
2045	430,000	13,613	443,613
2046	175,000	3,938	178,938
	$ 7,325,000	$ 2,307,899	$ 9,632,899

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-6. Change in Long-Term Bonded Debt
September 30, 2021

	Bond Issue Series 2020	Bond Issue Series 2021	Totals
Interest rate	2.125% - 4.625%	2.00% - 2.25%	
Dates interest payable	9/1 ; 3/1	9/1 ; 3/1	
Maturity dates	9/1/22 - 9/1/45	9/1/22 - 9/1/46	
Beginning bonds outstanding	$ 4,195,000	$ -	$ 4,195,000
Bonds issued		3,130,000	3,130,000
Ending bonds outstanding	$ 4,195,000	$ 3,130,000	$ 7,325,000
Interest paid during fiscal year	$ 101,831	$ -	$ 101,831

Paying agent's name and city
All Series — Amegy Bank, N.A, Houston, TX

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 78,000,000	$ 117,000,000	$ 27,000,000	$ 40,500,000
Amount Issued	(7,325,000)			
Remaining To Be Issued	$ 70,675,000	$ 117,000,000	$ 27,000,000	$ 40,500,000

Bond Authority:	Parks and Recreational Facilities Bonds	Parks and Recreational Facilities Refunding Bonds
Amount Authorized by Voters	$ 7,000,000	$ 10,500,000
Amount Issued		
Remaining To Be Issued	$ 7,000,000	$ 10,500,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of September 30, 2021: $ 264,312

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 385,316

See accompanying auditors' report.

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Harris County Municipal Utility District No. 552
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2021	2020	2019	2018**
Revenues				
Water & sewer service	$ 220,297	$ 151,785	$ 38,085	$ -
Property taxes	426,880	287,679	221,052	
Penalties and interest	2,061	4,100	771	
Tap connection and inspection	3,125	2,550	2,175	
Miscellaneous	470	2,704	660	
Investment earnings	236	1,051	162	5
Total Revenues	653,069	449,869	262,905	5
Expenditures				
Current service operations				
Purchased services	241,251	88,287	54,893	
Professional fees	75,850	74,848	66,320	86,563
Contracted services	73,423	52,163	20,942	3,456
Repairs and maintenance	75,550	98,259	100,579	
Administrative	23,707	25,231	11,885	17,424
Other	51,613	17,316	14,289	4,381
Total Expenditures	541,394	356,104	268,908	111,824
Revenues Over/(Under) Expenditures	$ 111,675	$ 93,765	$ (6,003)	$ (111,819)
Total Active Retail Water Connections	288	176	79	N/A
Total Active Retail Wastewater Connections	288	176	79	N/A

*Percentage is negligible
**Inception period

See accompanying auditors' report.

Percent of Fund Total Revenues			
2021	2020	2019	2018**
34%	34%	14%	
66%	63%	85%	
*	1%	*	
*	1%	1%	
*	1%	*	
*	*	*	100%
100%	100%	100%	100%
37%	20%	21%	
12%	17%	25%	1731260%
11%	12%	8%	69120%
12%	22%	38%	
4%	6%	5%	348480%
8%	4%	5%	87620%
84%	81%	102%	2236480%
16%	19%	(2%)	(2236380%)

Harris County Municipal Utility District No. 552
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2021	2020	2021	2020
Revenues				
Property taxes	$ 177,254	$ -	99%	
Penalties and interest	1,267		1%	
Miscellaneous	95		*	
Investment earnings	321	17	*	100%
Total Revenues	178,937	17	100%	100%
Expenditures				
Tax collection services	13,219		7%	
Other	1,980		1%	
Debt service				
Interest and fees	97,871		55%	
Expenditures	113,070	-	63%	0%
Revenues Over Expenditures	$ 65,867	$ 17	37%	100%

*Percentage is negligible

See accompanying auditors' report.

Harris County Municipal Utility District No. 552
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2021

Complete District Mailing Address:	1980 Post Oak Boulevard, Suite 1380, Houston, TX 77056
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 14, 2018
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Ben Gillis	5/20 - 5/24	$ 1,200	$ -	President
Jonathan Blanscet	5/18 - 5/22	750		Vice President
Ben Pisklak	5/20 - 5/24	1,200		Secretary
James Parker	9/18 - 5/22	1,050		Assistant Secretary
Robert Bryant	5/20 - 5/24	900		Treasurer
Consultants		Amounts Paid		
Stanford, Kuhl, Hagan, Kugle, Parker, Kahn LLP	2017			Attorney
General legal fees		$ 55,696		
Bond counsel		126,350		
Environmental Development Partners, LLC	2018	45,366		Operator
Municipal Accounts & Consulting LP	2017	32,447		Bookkeeper
Bob Leared Interests	2018	6,252		Tax Collector
Harris County Appraisal District	Legislation	5,014		Property Valuation
Jones & Carter Inc.	2017	95,425		Engineer
McGrath & Co., PLLC	2018	21,250		Auditor
R.W. Baird & Co., Incorporated	2017	89,460		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors' report.

Bond Issue Series 2021 Refunding	Totals
2.0% - 3.0%	
9/1; 3/1	
9/1/22 - 9/1/37	
$ -	$ 24,280,000
5,615,000	5,615,000
	(5,565,000)
	(890,000)
$ 5,615,000	$ 23,440,000
$ -	$ 925,535

Fort Bend County Municipal Utility District No. 149
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Water service	$ 264,130	$ 263,417	$ 233,923	$ 228,676	$ 233,917
Sewer service	822,991	786,162	740,139	688,021	724,315
Property taxes	451,853	627,530	448,545	477,821	348,386
Penalties and interest	14,550	13,614	20,667	13,953	13,143
Tap connection and inspection	180,370	43,126	53,240	73,405	146,741
Surface water	449,850	416,472	311,012	266,619	292,381
Fire service	142,111	134,031	130,331	118,828	121,800
Miscellaneous	17,117	9,791	12,276	7,099	14,334
Investment earnings	5,133	53,038	77,772	46,366	16,631
Total Revenues	2,348,105	2,347,181	2,027,905	1,920,788	1,911,648
Expenditures					
Current service operations					
Purchased services	708,847	665,544	502,899	541,608	574,893
Professional fees	104,402	103,043	96,999	104,205	108,144
Contracted services	736,588	624,199	576,633	650,567	603,292
Repairs and maintenance	135,176	117,180	111,568	168,732	117,115
Utilities	8,091	7,549	5,779	6,178	4,984
Administrative	68,927	57,100	62,579	72,954	59,616
Other	26,973	11,647	19,211	85,956	19,930
Capital outlay	387,554			258,722	
Total Expenditures	2,176,558	1,586,262	1,375,668	1,888,922	1,487,974
Revenues Over Expenditures	$ 171,547	$ 760,919	$ 652,237	$ 31,866	$ 423,674
Total Active Retail Water Connections	1,437	1,330	1,310	1,281	1,241
Total Active Retail Wastewater Connections	1,376	1,270	1,255	1,230	1,191

*Percentage is negligible

See accompanying auditors' report.

	Percent of Fund Total Revenues				
	2021	2020	2019	2018	2017
	11%	11%	12%	12%	12%
	35%	33%	36%	36%	38%
	19%	27%	22%	25%	18%
	1%	1%	1%	1%	1%
	8%	2%	3%	4%	8%
	19%	18%	15%	14%	15%
	6%	6%	6%	6%	6%
	1%	*	1%	*	1%
	*	2%	4%	2%	1%
	100%	100%	100%	100%	100%
	30%	28%	25%	28%	30%
	4%	4%	5%	5%	6%
	31%	27%	28%	34%	32%
	6%	5%	6%	9%	6%
	*	*	*	*	*
	3%	2%	3%	4%	3%
	1%	*	1%	4%	1%
	17%			13%	
	92%	66%	68%	97%	78%
	8%	34%	32%	3%	22%

Fort Bend County Municipal Utility District No. 149
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	$ 1,803,890	$ 1,790,511	$ 1,794,645	$ 1,695,733	$ 1,829,207
Penalties and interest	12,553	15,431	8,891	6,351	8,801
Accrued interest on bonds sold					
Investment earnings	1,524	22,405	48,354	29,770	13,040
Total Revenues	1,817,967	1,828,347	1,851,890	1,731,854	1,851,048
Expenditures					
Tax collection services	48,802	49,384	44,501	41,081	40,827
Debt service					
Principal	890,000	865,000	840,000	815,000	480,000
Interest and fees	930,897	886,179	904,906	922,584	936,328
Debt issuance costs	211,038				
Total Expenditures	2,080,737	1,800,563	1,789,407	1,778,665	1,457,155
Revenues Over/(Under) Expenditures	$ (262,770)	$ 27,784	$ 62,483	$ (46,811)	$ 393,893

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
99%	98%	97%	98%	99%
1%	1%	*	*	*
*	1%	3%	2%	1%
100%	100%	100%	100%	100%
3%	3%	2%	2%	2%
49%	47%	45%	47%	26%
51%	48%	49%	53%	51%
103%	98%	96%	102%	79%
(3%)	2%	4%	(2%)	21%

Fort Bend County Municipal Utility District No. 149
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2021

Complete District Mailing Address:	202 Century Square Blvd, Sugar Land, TX 77478
District Business Telephone Number:	(281) 500-6050
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	March 20, 2017
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Susan Winters	05/18 - 05/22	$ 3,900	$ 11	President
Ray Aguilar	05/20 - 05/24	2,400	17	Vice President
Rose Herbst	05/18 - 05/22	3,750	20	Secretary
Kristi McLeod	05/20 - 05/24	2,700	11	Assistant Secretary
Laura Thompson	05/18 - 05/22	4,950	11	Assistant Vice President
Consultants		Amounts Paid		
The Muller Law Group	2014	$ 140,322		Attorney
Si Environmental, LLC	2012	284,725		Operator
McLennan & Associates, LP	2007	30,081		Bookkeeper
Tax Tech, Inc.	2007	24,347		Tax Collector
Fort Bend Central Appraisal District	Legislation	17,660		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2007	5,180		Delinquent Tax Attorney
Costello, Inc.	2007			Engineer
Amounts paid directly by district		11,356		
McGrath & Co., PLLC	Annual	14,500		Auditor
R.. W. Baird & Co.	2015	58,200		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

See accompanying auditors' report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on] Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)