

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2022. SEE “TAX MATTERS” FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds are designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 41424K

RATINGS: Underlying “BBB” (stable outlook) S&P
Insured “AA” (stable outlook) S&P

See “MUNICIPAL BOND RATING” and “BOND INSURANCE” herein

\$3,520,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

(A political subdivision of the State of Texas, located in Harris County, Texas)

UNLIMITED TAX BONDS

SERIES 2022

Dated: December 1, 2022

Due: April 1 (as shown below)

Interest on the \$3,520,000 Unlimited Tax Bonds, Series 2022 (the “Bonds”) will accrue from December 1, 2022, and will be payable on April 1 and October 1 of each year, commencing April 1, 2023. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS – Paying Agent/Registrar.”

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 (“BAM”).



MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield to Maturity(a)</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield to Maturity(a)</u>
\$80,000	2025	6.75%	3.55%	\$85,000	2027	7.00%	3.75%
\$80,000	2026	7.00%	3.65%				
		\$185,000 6.500%	Term Bond Due April 1, 2029 to Yield 3.90%				(a) (b) (c)
		\$205,000 5.000%	Term Bond Due April 1, 2031 to Yield 4.00%				(a) (b) (c)
		\$225,000 4.000%	Term Bond Due April 1, 2033 to Yield 4.30%				(a) (b) (c)
		\$250,000 4.250%	Term Bond Due April 1, 2035 to Yield 4.55%				(a) (b) (c)
		\$275,000 4.500%	Term Bond Due April 1, 2037 to Yield 4.70%				(a) (b) (c)
		\$305,000 4.500%	Term Bond Due April 1, 2039 to Yield 4.80%				(a) (b) (c)
		\$340,000 4.500%	Term Bond Due April 1, 2041 to Yield 4.80%				(a) (b) (c)
		\$575,000 4.625%	Term Bond Due April 1, 2044 to Yield 4.86%				(a) (b) (c)
		\$915,000 4.750%	Term Bond Due April 1, 2048 to Yield 4.88%				(a) (b) (c)

- (a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.
- (b) The Bonds maturing on or after April 1, 2029, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2027, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of \$5,000 in any one maturity. See “THE BONDS – Optional Redemption.”
- (c) Subject to mandatory sinking fund redemption as described herein. See “THE BONDS – Mandatory Redemption.”

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 480 (the “District”) to: (1) reimburse the Developers (hereinafter defined) for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) fund Developer interest related to the advancement of funds for certain construction costs; and (3) pay issuance and administrative expenses related to the Bonds. See “USE OF BOND PROCEEDS.”

The Bonds, when issued, will constitute valid and binding obligations of the District and will be 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 within the District. See “THE BONDS – Source of and Security for Payment.” The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston is pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain risk factors described under the caption “RISK FACTORS.”**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 20, 2022.

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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.

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 registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs.

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 as to the likelihood 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, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter (hereinafter defined).

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 "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for any purpose.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.006892% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.861464%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER 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 UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over the 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 of the bonds may be greater than the difference between the bids and asked prices 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 Bonds has been filed with the Securities and Exchange Commission ("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. 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.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the resolution authorizing the issuance of the Bonds (the "Bond Resolution"), the District has made the following agreement for the benefit of the holders and beneficial 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 material events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT," "DISTRICT TAX DATA," and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to the MSRB or any successor to its functions as a repository through its EMMA system.

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 ("Rule"). The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolutions 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 November 30. Accordingly, it must provide updated information by May 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 MRSB, 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 Internal Revenue Service 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 status of the Bonds or other material events affecting the tax 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 or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, 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 or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in

this paragraph shall have the meanings ascribed to them under 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 Resolution makes any provisions 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

The District has agreed to provide the foregoing updated information only to the MSRB. Investors will be able to access, without charge from the MSRB, 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 material 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, if 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 Underwriter 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

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MUNICIPAL BOND RATING

S&P Global Ratings (“S&P”) has assigned an underlying rating of “BBB” (stable outlook) on the Bonds based upon the District’s underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

S&P has assigned its municipal bond rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“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 an appendix to this Official Statement.

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 September 30, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$512.5 million, \$195.6 million and \$316.9 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 the heading "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.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

- Description:** The \$3,520,000 Unlimited Tax Bonds, Series 2022 (the "Bonds"), are dated December 1, 2022. The Bonds represent the sixth series of bonds to be issued by Harris County Municipal Utility District No. 480 (the "District"). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, relating to the issuance of bonds by political subdivisions, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be adopted by the Board of Directors of the District, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held within the District. See "THE BONDS."
- Source of Payment:** The Bonds are payable from a continuing direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."
- Redemption Provisions:** The Bonds maturing on or after April 1, 2029, are subject to early redemption, in whole or from time to time in part, on April 1, 2027, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2044, and 2048 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2028, 2030, 2032, 2034, 2036, 2038, 2040, 2042, and 2045, respectively. See "THE BONDS – Mandatory Redemption."
- Book-Entry-Only System:** The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
- Use of Proceeds:** Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developers (defined herein) for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) fund Developer interest related to the advancement of funds for certain construction costs; and (3) pay issuance and administrative expenses related to the Bonds. See "USE OF BOND PROCEEDS."
- Legal Opinion:** Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
- Paying Agent/Registrar:** The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."
- Payment Record:** The District has previously issued four (4) series of unlimited tax bonds and one (1) series of unlimited tax refunding bonds, of which \$21,135,000 principal amount was outstanding as of September 1, 2022 (the "Outstanding Bonds"). The District has never defaulted on the payment of principal of or interest on the Outstanding Bonds. See "DISTRICT DEBT."
- Qualified Tax Exempt Obligations:** The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Qualified Tax-Exempt Obligations."
- Municipal Bond Rating:** S&P has assigned an underlying rating of "BBB" (stable outlook) on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating. See "MUNICIPAL BOND RATING."
- Bond Insurance:** S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

Risk Factors: The Bonds are subject to certain investment considerations as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

THE DISTRICT

Authority: The District is a municipal utility district created on January 30, 2007, by the TCEQ. The District was created pursuant to the authority of Article XVI, Section 59, of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered 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; and the control and diversion of storm water. See "THE DISTRICT – Authority."

Description and Location: The District is located in northern Harris County, Texas and consists of four (4) noncontiguous tracts of land that are generally located approximately 35 miles northwest of the central business district of the City of Houston, Texas (the "City"). The District is located entirely within Harris County, Texas, and lies within the extraterritorial jurisdiction of the City. The District, as it was originally created, included approximately 483 acres. Since its creation, the District has had two (2) annexations in 2014 and 2018, and the District currently includes approximately 541 acres. See "THE DISTRICT – Description and Location."

Summary of Land Use: As of September 1, 2022, the District included approximately 323 acres that have been developed and improved for single-family residential purposes, approximately 40 acres under development, approximately 48 acres available for future development, and approximately 130 undevelopable acres, which includes drainage easements, District plant sites, streets and road rights-of-way, detention ponds, and open spaces. See "THE DISTRICT – Land Uses and Status of Land Development."

Development of the District: The District is being developed for single-family residential purposes in the subdivisions known as Pine Trace Village, Fairway Farms, Grove Landing, and Twelve Oaks. The single-family residential homebuilding in the District to date has taken place in Pine Trace Village, Sections 1 – 8, Fairway Farms, Sections 1 – 2, Grove Landing, Section 1, and, to a certain extent, Twelve Oaks, Section 1. As of September 1, 2022, the District, in the aggregate, included approximately 964 completed homes (approximately 958 of which were occupied), approximately 9 homes under construction, and approximately 34 vacant developed lots. See "THE DISTRICT – Status of Residential Development."

The Pine Trace Village subdivision is bounded on the north and south by undeveloped acreage, on the east by single-family residential development, and on the west by Stuebner-Airline Road. The Pine Trace Village subdivision consists of approximately 124 developed acres in Pine Trace Village, Sections 1 – 8, which, as of September 1, 2022, included approximately 564 completed homes and no vacant developed lots. The original developer in the Pine Trace Village subdivision was Pine Trace Village, LLC, which developed the land and lots located in Pine Trace Village, Sections 1 – 5. On August 31, 2016, Pine Trace Village, LLC sold four improved lots and approximately 80 acres to DRH Land Opportunities I, Inc., a Delaware corporation ("D.R. Horton"). D.R. Horton has completed the development of such acres as Pine Trace Village, Sections 6 – 8.

The Fairway Farms subdivision is bounded on the north by Spring Creek, on the west by the Grove Landing subdivision, on the east by Hufsmith-Cemetery Road, and on the south by undeveloped acreage. The Fairway Farms subdivision consists of approximately 123 acres, of which approximately 60 acres have been developed as Fairway Farms, Section 1. The developer of Fairway Farms, Section 1 is BBRR Partners, Ltd., a Texas limited partnership ("BBRR"). As of September 1, 2022, Fairway Farms, Section 1 included approximately 113 completed homes and no vacant developed lots. On June 11, 2020, BBRR sold approximately 63 acres to Century Land Holdings of Texas, LLC, a Texas limited liability company ("Century Communities") and a wholly-owned subsidiary of Century Communities, Inc., a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "CCS." Century Communities has developed approximately 23 acres as Fairway Farms, Section 2, which, as of September 1, 2022, included approximately 121 completed homes and no vacant developed lots. Additionally, Century Communities has commenced the development of approximately 40 acres to be known as Fairway Farms, Section 3, which is expected to contain 77 single-family residential lots (40-foot and 50-foot lots). According to Century Communities, such lots are anticipated to be available for homebuilding during the fourth quarter of 2022.

The Grove Landing subdivision is bounded on the north by Bogs Road, on the east by the Fairway Farms subdivision, on the west by Texas Department of Transportation detention facilities, and on the south by undeveloped acreage. The Grove Landing subdivision includes approximately 27 developed acres, which have been developed as Grove Landing, Section 1 by Bogs Tract, LLC, a Texas limited liability company,

whose parent company is J. Alan Kent Development, LLC, a Texas limited liability company. As of September 1, 2022, Grove Landing, Section 1 included approximately 130 completed homes and no vacant developed lots.

The Twelve Oaks subdivision is bounded on the east by Stanolind Road, on the north by Spring Creek, on the south by the International and Great Northern Railway, and on the west by undeveloped acreage. Twelve Oaks consists of approximately 79 developable acres all of which have been platted as Twelve Oaks, Section 1. As of September 1, 2022, Twelve Oaks, Section 1 included 36 completed homes, 9 homes under construction, and 34 vacant developed lots. The remaining land in Twelve Oaks is owned by various entities, none of which has a development agreement with the District.

The Developers:

The developers that are presently active in the District include BBRR and Century Communities, which are collectively referred to herein as the "Developers." Previous developers of land in the District include Pine Trace Village, LLC, D.R. Horton, and Bogs Tract, LLC. See "THE DISTRICT'S DEVELOPERS."

Homebuilders:

The homes in Pine Trace Village, Sections 1 – 5 were constructed by Lennar Homes, Meritage Homes, Colina Homes, Megatel Homes, and Brighton Homes on 45-foot and 50-foot lots and were sold in the \$130,000 to \$200,000 price range. The homes in Pine Trace Village, Sections 6 – 8 were constructed on 50-foot lots by D.R. Horton Homes and were sold in the \$200,000 to \$215,000 price range. Homes in Fairway Farms, Section 1 were constructed on 60-foot and 65-foot lots by D.R. Horton Homes, Empire Homes, and David Powers Homes and were sold in the \$300,000 to \$350,000 price range. The homes in Fairway Farms, Section 2 were constructed on 40-foot and 50-foot lots by Century Communities and were sold in the \$210,000 to \$250,000 price range. The homes in Grove Landing, Section 1 were constructed on 50-foot lots by David Weekly Homes and MHI Homes and were sold in the \$250,000 to \$350,000 price range. See "THE DISTRICT – Status of Residential Development."

The System:

The District's water supply facilities exclusively serve the Pine Trace Village subdivision. The District's water supply facilities for the Pine Trace Village subdivision have capacity to serve approximately 792 equivalent single-family connections ("ESFCs"). According to the Engineer (hereinafter defined), the existing water supply facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. The Fairway Farms, Grove Landing, and Twelve Oaks subdivisions are served with water supply capacity pursuant to a wholesale water contract with Aqua Texas, Inc. ("Aqua"). The contract provides that the District will pay a wholesale price for water equal to \$5.01 per 1,000 gallons and that future rates will be subject to the review and approval of the appropriate state agency. The term of the contract runs until May 1, 2054, and includes provisions for the extension of the contract if mutually agreeable to Aqua and the District. The District is the retail provider in these areas. The District is not currently making new water taps other than in the Pine Trace Village subdivision until certain improvements are completed by Aqua. See "THE SYSTEM – Description of the System – Water Supply Facilities."

The District's wastewater treatment facilities exclusively serve the Pine Trace Village subdivision. The District's wastewater treatment facilities consist of a leased wastewater treatment plant, which has capacity to serve approximately 800 ESFCs. According to the Engineer (hereinafter defined), the existing wastewater treatment facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. The Fairway Farms and Grove Landing subdivisions are served with wastewater treatment facilities pursuant to a wholesale wastewater treatment contract with Aqua. The contract provides that the District will pay Aqua a wholesale price for wastewater treatment equal to \$63.80 per ESFC per month and that future prices for wastewater treatment will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in the Fairway Farms and Grove Landing subdivisions and for provisions to remedy a breach of contract by either Aqua or the District. Each home in the Twelve Oaks subdivision is currently served by separate private septic systems.

Each of the subdivisions located within the District has, or will have, their own storm drainage and detention pond systems. In general, the District drains towards the northeast. The drainage system improvements consist of storm sewer systems and detention basins to serve the District's storm water runoff. The land in the Pine Trace Village subdivision generally drains into Roan Gully and from there into Willow Creek. The Fairway Farms subdivision generally drains into three minor natural tributaries and from there into Spring Creek. The Grove Landing subdivision generally drains into Spring Creek. The Twelve Oaks subdivision generally drains into Bogs Gully and Spring Creek. See "THE SYSTEM."

**Infectious Disease
Outlook (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.

There are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order 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 any 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 reinstitution of restrictions.

SELECTED FINANCIAL INFORMATION
(Unaudited)

8/1/2022 Estimated Taxable Value	\$293,213,618 (a)
2022 Certified Taxable Value	\$285,038,568 (b)

Direct Debt	
Outstanding Bonds	\$21,135,000
The Bonds	<u>\$3,520,000</u>
Total Direct Debt	\$24,655,000
See "DISTRICT DEBT"	

Estimated Overlapping Debt	<u>\$15,394,834 (c)</u>
Direct and Estimated Overlapping Debt	\$40,049,834

Percentage of Direct Debt to:	
8/1/2022 Estimated Taxable Value	8.41%
2022 Certified Taxable Value	8.65%
See "DISTRICT DEBT"	

Percentage of Direct and Estimated Overlapping Debt to:	
8/1/2022 Estimated Taxable Value	13.66%
2022 Certified Taxable Value	14.05%
See "DISTRICT DEBT"	

2022 Tax Rate Per \$100 of Assessed Value:	
Debt Service Tax	\$0.48
Maintenance Tax	<u>\$0.57</u>
Total 2022 Tax Rate	\$1.05

Cash and Temporary Investment Balances as of October 26, 2022:	
General Fund	\$2,262,668 (d)
Debt Service Fund	\$1,292,667 (e)

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- (a) Reflects data supplied by the Harris County Appraisal District ("HCAD" or the "Appraisal District"). The Estimated Taxable Value as of August 1, 2022, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2022, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2023 tax roll is prepared and certified by HCAD during the second half of 2023. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."
- (b) Reflects the January 1, 2022 Certified Taxable Value according to data supplied to the District by HCAD, which includes \$31,015,665 of uncertified taxable value that is still in the certification process. Such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Overlapping Debt."
- (d) Unaudited figure per the District's records. See "THE SYSTEM – Historical Operations of the System."
- (e) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Outstanding Bonds and the debt service requirements for the Bonds.

<u>Year</u>	<u>Outstanding</u> <u>Debt Service</u>	<u>Plus: Debt Service</u> <u>Requirements on the Bonds</u>		<u>Total</u> <u>Debt Service</u>
	<u>Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2023	\$999,736	-	\$141,922	\$1,141,658
2024	\$1,110,398	-	\$170,306	\$1,280,704
2025	\$1,090,798	\$80,000	\$167,606	\$1,338,404
2026	\$1,152,836	\$80,000	\$162,106	\$1,394,942
2027	\$1,141,311	\$85,000	\$156,331	\$1,382,642
2028	\$1,132,036	\$90,000	\$150,431	\$1,372,467
2029	\$1,196,630	\$95,000	\$144,419	\$1,436,049
2030	\$1,175,177	\$100,000	\$138,831	\$1,414,008
2031	\$1,163,583	\$105,000	\$133,706	\$1,402,289
2032	\$1,200,992	\$110,000	\$128,881	\$1,439,873
2033	\$1,207,198	\$115,000	\$124,381	\$1,446,579
2034	\$1,237,374	\$120,000	\$119,531	\$1,476,905
2035	\$1,221,711	\$130,000	\$114,219	\$1,465,930
2036	\$1,274,723	\$135,000	\$108,419	\$1,518,142
2037	\$1,256,408	\$140,000	\$102,231	\$1,498,639
2038	\$1,281,979	\$150,000	\$95,706	\$1,527,685
2039	\$1,310,608	\$155,000	\$88,844	\$1,554,452
2040	\$1,331,731	\$165,000	\$81,644	\$1,578,375
2041	\$1,350,643	\$175,000	\$73,994	\$1,599,637
2042	\$1,343,637	\$185,000	\$65,778	\$1,594,415
2043	\$1,089,087	\$190,000	\$57,106	\$1,336,193
2044	\$1,082,024	\$200,000	\$48,088	\$1,330,112
2045	\$680,474	\$210,000	\$38,475	\$928,949
2046	\$674,599	\$225,000	\$28,144	\$927,743
2047	\$243,300	\$235,000	\$17,219	\$495,519
2048	-	\$245,000	\$5,819	\$250,819
TOTALS	\$27,948,993	\$3,520,000	\$2,664,138	\$34,133,131

Maximum Annual Debt Service Requirements (2041).....\$1,599,637

\$0.58 debt service tax rate on the August 1, 2022 Estimated Taxable Value of \$293,213,618
at 95% collections produces.....\$1,615,607

\$0.60 debt service tax rate on the 2022 Certified Taxable Value of \$285,038,568
at 95% collections produces.....\$1,624,720

See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

OFFICIAL STATEMENT

relating to

\$3,520,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

(A political subdivision of the State of Texas located within Harris County, Texas)

UNLIMITED TAX BONDS SERIES 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the \$3,520,000 Harris County Municipal Utility District No. 480 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, relating to the issuance of bonds by political subdivisions, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of Harris County Municipal Utility District No. 480 (the "District"), an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held within the District.

This Official Statement includes descriptions of the Bonds, the Bond Resolution, certain information about the District, the District's financial condition, and the Developers in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to maintain property taxes to pay debt service at current levels.

Infectious Disease Outlook (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.

There are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order 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 any 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 reinstitution of restrictions.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter 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 of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collections

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 state and local 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 foreclosure may be impaired by: (a) repetitive, annual expensive collections procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such 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.

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the 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 Resolution. Except for mandamus, the Bond Resolution do 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. Even if such sovereign immunity were waived and a judgment against the District for money damages were obtained, the judgment 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 the Registered Owners 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. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the 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 making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal 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 Registered Owners 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 Owners' claims against the District.

Approval of the Bonds

As required by law, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, currently

being experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for land development or homebuilding costs. Interest rate levels may affect the Developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The housing industry in the Houston area is competitive and the District can give no assurance that current homebuilding programs will be completed. The competitive position of the Developers in the sale of their developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Nationally, there was a significant downturn in new housing construction from 2008 – 2012 caused, in part, by increasing foreclosures, reduced builder financing, the unavailability of mortgage funds, and contraction in the national economy resulting in a decline in the market value of homes. That downturn did not have a significant effect on the value of homes in the District. However, the Houston area did experience reduced levels of home construction in 2009, 2010, 2011 and 2012 when compared to similar periods in prior years (i.e., 2004 – 2007).

Alternative sites are available for the construction of single-family residential improvements and commercial development within the market area in which the District is located. Such sites could pose competition to the continued home-building development and commercial development on comparable sites within the District.

Potential Effects of Oil Price Volatility on the Houston Area

The recent volatility in oil prices in the U.S. and globally, which at times has led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. 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 or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on the Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Landowners/Developers under No Obligation to the District

Neither the Developers nor any other landowner within the District has any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developers') to sell its land. Failure to construct taxable improvements on developed lots (anticipated to be created by the Developers) or commercial tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Dependence on Future Development and Potential Impact on District Tax Rates

Assuming no further residential building development within the District other than that which has been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$1,599,637 (2041). The District's August 1, 2022 Estimated Taxable Value is \$293,213,618. Assuming no increase or decrease from the August 1, 2022 Estimated Taxable Value and no use of other District funds, a debt service tax rate of \$0.58 per \$100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The District's 2022 Certified Taxable Value is \$285,038,568 (including \$31,015,665 of uncertified taxable value, which represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest). Assuming no increase or decrease from the 2022 Certified Taxable Value and no use of other District funds, a debt service tax rate of \$0.60 per \$100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Future Debt

The District's voters have authorized the issuance of a total of \$46,100,000 of unlimited tax bonds for various purposes as reflected in the table below:

<u>Amount</u>	<u>Purpose</u>
\$41,100,000	For certain water, sanitary sewer, storm water facilities, and refunding
\$5,000,000	For certain parks and recreation facilities and refunding

After the issuance of the Bonds, the District will have \$15,730,000 of unlimited tax, water, sanitary sewer, and storm water facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, and \$5,000,000 of unlimited tax park and recreation facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds. Any future new money bonds to be issued by the District must also be approved by the TCEQ.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City of Houston to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Parks and Recreational Facilities

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 project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District has prepared a park plan and has conducted a park and recreational facilities bond election that authorized \$5,000,000 of park bonds at an election held on May 12, 2007.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the 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-Brazoria 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 non-stormwater 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 District’s stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the “Current Permit”) issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District’s inclusion in the MS4 Permit 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.

Subsidence and Conversion to Surface Water

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

Changes in Tax Legislation

Certain tax legislation, if enacted 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 an issuer which is recovered by the issuer 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 policy insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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 description of "BOND INSURANCE" herein.

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 nor the Underwriter 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 Issuer 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 "BOND INSURANCE" 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.

Severe Weather

The District is located approximately 80 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced four storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Winter Storm Uri

From February 12-19, 2021, the State of Texas experienced a severe winter storm ("Winter Storm Uri") which included prolonged freezing temperatures, heavy snow and freezing rains statewide. Winter Storm Uri led to power outages and potable and non-potable water shortages in many areas of the State, including the District. The federal government issued a Major Disaster Declaration for the State of Texas and has included federal funding for emergency protective measures. The District did not sustain material damage to its infrastructure during Winter Storm Uri, but the District cannot predict the impact of future winter weather events.

Hurricane Harvey

The Houston area, including the area in and around the District in Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the Engineer (hereinafter defined) and the District's operator, the water, wastewater, and drainage facilities serving the land within the District did not sustain any significant damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Based on information available to the District, no homes that were located within the District at the time of Hurricane Harvey experienced flooding as a result of the storm.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – 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) Flooding – 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.

Temporary Tax Exemption for Property Damaged by Disaster

The Property Tax Code (hereinafter defined) provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically 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 After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer 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.

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Atlas 14

The National Weather Service recently 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 the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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.

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developers for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) fund Developer interest related to the advancement of funds for certain construction costs; and (3) pay issuance and administrative expenses related to the Bonds. To the extent surplus funds are available from the sale of the Bonds, such funds may be expended for any lawful purpose for which surplus funds may be used with approval of the TCEQ.

R.G. Miller Engineers, Inc. (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	Total Amount
<i>Developer Contribution Items</i>	
Fairway Farms, Section 1 – W, WW & D	\$923,276
Fairway Farms, Section 2 – W, WW & D	\$1,273,137
Fairway Farms Clearing and Grubbing	\$236,750
Engineering	\$304,428
Lab Expense	\$44,130
Stormwater Pollution Prevention Planning	\$96,227
<i>Total Developer Contribution Items</i>	\$2,877,948
<i>District Items - None</i>	
-	-
<i>Total District Items</i>	-
<i>Less Surplus Funds</i>	(\$102,886)
TOTAL CONSTRUCTION COSTS	\$2,775,062 (a)
<i>NON-CONSTRUCTION COSTS</i>	
Legal Fees	\$103,000
Fiscal Agent Fees	\$70,400
Developer Interest	\$360,181
Bond Discount	\$105,357
Bond Issuance Expenses	\$57,337
Bond Application Report Costs	\$36,100
TCEQ Bond Issuance Fee	\$8,800
Attorney General's Fee	\$3,520
Contingency	\$243 (b)
TOTAL NON-CONSTRUCTION COSTS	\$744,938
TOTAL BOND ISSUE REQUIREMENT	\$3,520,000

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District has been granted a waiver of such requirement pursuant to 30 Tex. Admin. Code §293.47(a)(2).

(b) Represents the difference between the estimated and actual Bond discount. Such funds will be used by the District to fund costs only after approval by the TCEQ.

THE DISTRICT

Authority

The District is a municipal utility district created on January 30, 2007, by the TCEQ. The District was created pursuant to the authority of Article XVI, Section 59, of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered 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; and the control and diversion of storm water.

Under certain limited circumstances the District also is authorized to construct, develop, and maintain park and recreational facilities. In addition, the District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

In order to obtain the consent of the City of Houston, Texas (the "City"), within whose corporate limits the District lies, to the District's creation, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City's approval of certain of the District's construction plans and specifications.

Description and Location

The District is located in northern Harris County, Texas and consists of four (4) noncontiguous tracts of land that are generally located approximately 35 miles northwest of the central business district of the City of Houston, Texas (the "City"). The District is located entirely within Harris County, Texas, and lies within the extraterritorial jurisdiction of the City. The District, as it was originally created, included approximately 483 acres. Since its creation, the District has had two (2) annexations in 2014 and 2018, and the District currently includes approximately 541 acres. The District is being developed for single-family residential purposes in the subdivisions known as Pine Trace Village, Fairway Farms, Grove Landing, and Twelve Oaks as further described below.

The Pine Trace Village subdivision is bounded on the north and south by undeveloped acreage, on the east by single-family residential development, and on the west by Stuebner-Airline Road. The Pine Trace Village subdivision consists of approximately 124 developed acres in Pine Trace Village, Sections 1 – 8, which, as of September 1, 2022, included approximately 564 completed homes and no vacant developed lots. The original developer in the Pine Trace Village subdivision was Pine Trace Village, LLC, which developed the land and lots located in Pine Trace Village, Sections 1 – 5. On August 31, 2016, Pine Trace Village, LLC sold four improved lots and approximately 80 acres to D.R. Horton, which has completed the development of such acres as Pine Trace Village, Sections 6 – 8. See "THE DISTRICT'S DEVELOPERS – DRH Land Opportunities, Inc."

The Fairway Farms subdivision is bounded on the north by Spring Creek, on the west by the Grove Landing subdivision, on the east by Hufsmith-Cemetery Road, and on the south by undeveloped acreage. The Fairway Farms subdivision consists of approximately 123 acres, of which approximately 60 acres have been developed as Fairway Farms, Section 1. The developer of Fairway Farms, Section 1 is BBRR. As of September 1, 2022, Fairway Farms, Section 1 included approximately 113 completed homes and no vacant developed lots. On June 11, 2020, BBRR sold approximately 63 acres to Century Communities, which has developed approximately 23 acres of its land holdings as Fairway Farms, Section 2. As of September 1, 2022, Fairway Farms, Section 2 included approximately 121 completed homes and no vacant developed lots. Additionally, Century Communities has commenced the development of approximately 40 acres to be known as Fairway Farms, Section 3, which is expected to contain 77 single-family residential lots (40-foot and 50-foot lots). According to Century Communities, such lots are anticipated to be available for homebuilding during the fourth quarter of 2022. See "THE DISTRICT'S DEVELOPERS – BBRR Partners, Ltd." and "– Century Land Holdings of Texas, LLC."

The Grove Landing subdivision is bounded on the north by Bogs Road, on the east by the Fairway Farms subdivision, on the west by Texas Department of Transportation detention facilities, and on the south by undeveloped acreage. The Grove Landing subdivision includes approximately 27 developed acres, which have been developed as Grove Landing, Section 1 by Bogs Tract, LLC. As of September 1, 2022, Grove Landing, Section 1 included approximately 130 completed homes and no vacant developed lots. See "THE DISTRICT'S DEVELOPERS – Bogs Tract, LLC."

The Twelve Oaks subdivision is bounded on the east by Stanolind Road, on the north by Spring Creek, on the south by the International and Great Northern Railway, and on the west by undeveloped acreage. Twelve Oaks consists of approximately 79 developable acres all of which have been platted as Twelve Oaks, Section 1. As of September 1, 2022, Twelve Oaks, Section 1 included 36 completed homes, 9 homes under construction, and 34 vacant developed lots. The land in the Twelve Oaks subdivision is presently owned by various entities that have no developer relationship with the District and their future development intentions have not been provided to the District. The District only supplies water service to the Twelve Oaks subdivision and has no plans to add wastewater service. Wastewater is provided through septic or similar homeowner provided systems.

Land Uses and Status of Land Development

A summary of the approximate land use in the District as of September 1, 2022, appears in the following table:

<u>Type of Land Use</u>	<u>Approximate Acres</u>
Developed and Improved Acres (a)	323
Acres Under Development (b)	40
Additional Developable Acres (c)	48
Undevelopable Acres (d)	130
Total Approximate Acres	541

- (a) Represents the land located in Pine Trace Village, Sections 1 – 8, Fairway Farms, Sections 1 – 2, Grove Landing, Section 1, and Twelve Oaks, Section 1.
- (b) Represents the land located in Fairway Farms, Section 3, which is currently under construction and expected to contain 77 single-family residential lots (40-foot and 50-foot lots). According to Century Communities, the lots in Fairway Farms, Section 3 are currently anticipated to be available for homebuilding during the fourth quarter of 2022.
- (c) Includes additional developable acreage in the Twelve Oaks subdivision.
- (d) Includes drainage easements, District plant sites, streets and road rights-of-way, detention ponds, and open spaces.

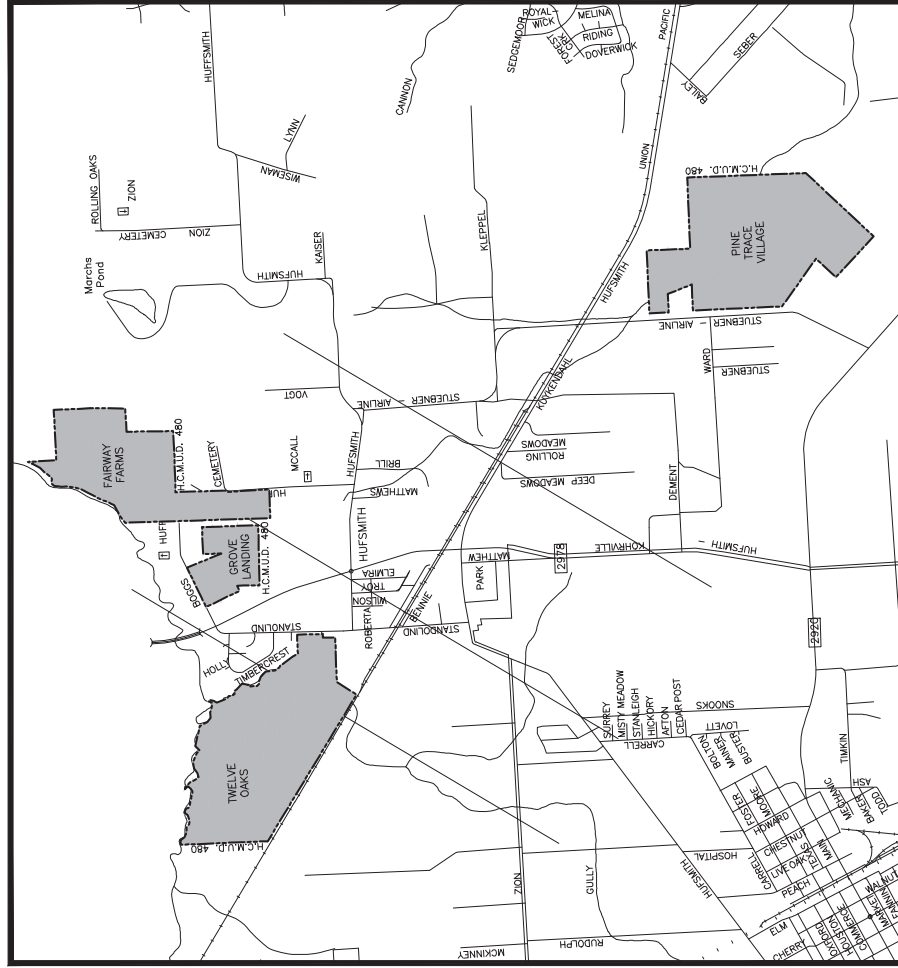
Status of Residential Development

The District is being developed for single-family residential purposes in the subdivisions known as Pine Trace Village, Fairway Farms, Grove Landing, and Twelve Oaks. The single-family residential homebuilding in the District to date has taken place in Pine Trace Village, Sections 1 – 8, Fairway Farms, Sections 1 – 2, Grove Landing, Section 1, and, to a certain extent, Twelve Oaks, Section 1. The following table indicates the approximate status of single-family residential development as of September 1, 2022.

<u>Subdivision/Section</u>	<u>Approx. Acres</u>	<u>Total Lots</u>	<u>Homes</u>		<u>Vacant Lots</u>
			<u>Complete</u>	<u>Under Construction</u>	
Pine Trace Village, Sections 1 – 8 (a)	124	564	564	0	0
Fairway Farms, Section 1 (b)	60	113	113	0	0
Fairway Farms, Section 2 (c)	23	121	121	0	0
Grove Landing, Section 1 (d)	37	130	130	0	0
Twelve Oaks, Section 1 (e)	79	79	36	9	34
Acres Under Development (f)	40	-	-	-	-
Other Developable Acreage (g)	48	-	-	-	-
Non-Developable Acreage (h)	130	-	-	-	-
TOTAL	541	1,007	964 (i)	9	34

- (a) Homes in Pine Trace Village, Sections 1 – 5 were constructed by Lennar Homes, Meritage Homes, Colina Homes, Megatel Homes, and Brighton Homes on 45-foot and 50-foot lots and were sold in the \$130,000 to \$200,000 price range. Homes in Pine Trace Village, Sections 6 – 8 were constructed on 50-foot lots by D.R. Horton Homes and were sold in the \$200,000 to \$215,000 price range.
- (b) Homes in Fairway Farms, Section 1 were constructed on 60-foot and 65-foot lots by D.R. Horton Homes, Empire Homes, and David Powers Homes and were marketed in the \$300,000 to \$350,000 price range.
- (c) Homes in Fairway Farms, Section 2 were constructed on 40-foot and 50-foot lots by Century Communities and were marketed in the \$210,000 to \$250,000 price range.
- (d) Homes in Grove Landing, Section 1 were constructed on 50-foot lots by David Weekly Homes and MHI Homes and were marketed in the \$250,000 to \$350,000 price range.
- (e) Twelve Oaks, Sections 1 has been platted for 99 lots. As of September 1, 2022, approximately 79 lots have been developed, and 36 completed homes and 9 homes are under construction on such lots.
- (f) Fairway Farms, Section 3 is currently under construction and expected to contain 77 single-family residential lots (40-foot and 50-foot lots). According to Century Communities, such lots are anticipated to be available for homebuilding during the fourth quarter of 2022.
- (g) Represents land available for future development in the District, including land located in the Twelve Oaks subdivision.
- (h) Includes drainage easements, District plant sites, streets and road rights-of-way, detention ponds, and open spaces.
- (i) As of September 1, 2022, approximately 958 homes were occupied.

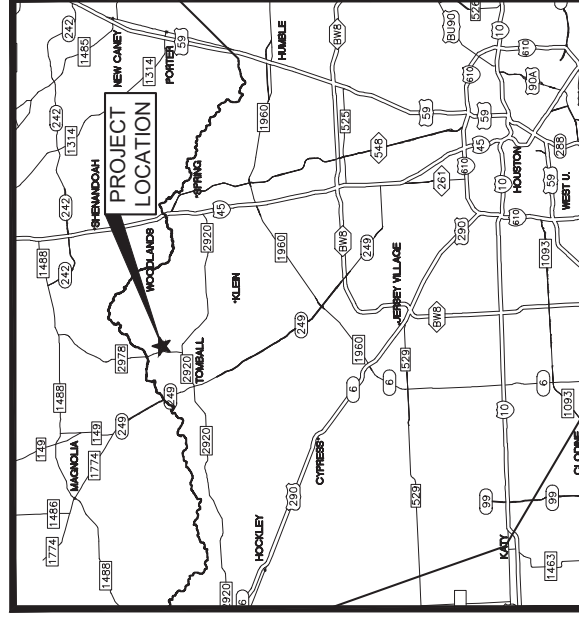
LOCATION MAP



VICINITY MAP

KEY MAP # 289G, 249T, 249S
 LAMBERT GRID # 4871, 4873, 4872
 ZIP CODE 77375

N.T.S.



LOCATION MAP

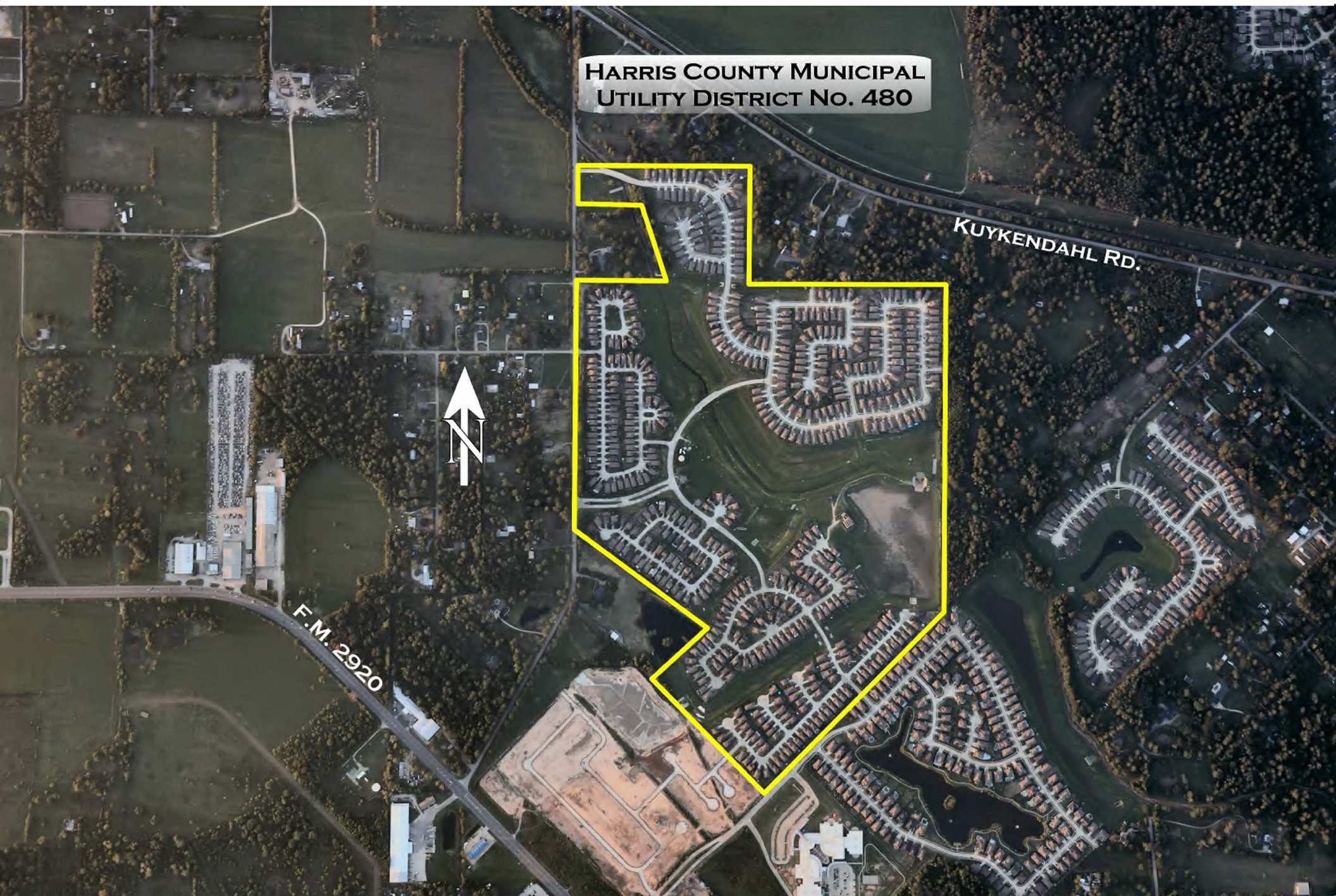
N.T.S.

H.C.M.U.D. No.480
 ATTACHMENT 4



16340 Park Ten Place
 Suite 350
 Houston, Texas 77084
 (713) 461-9600

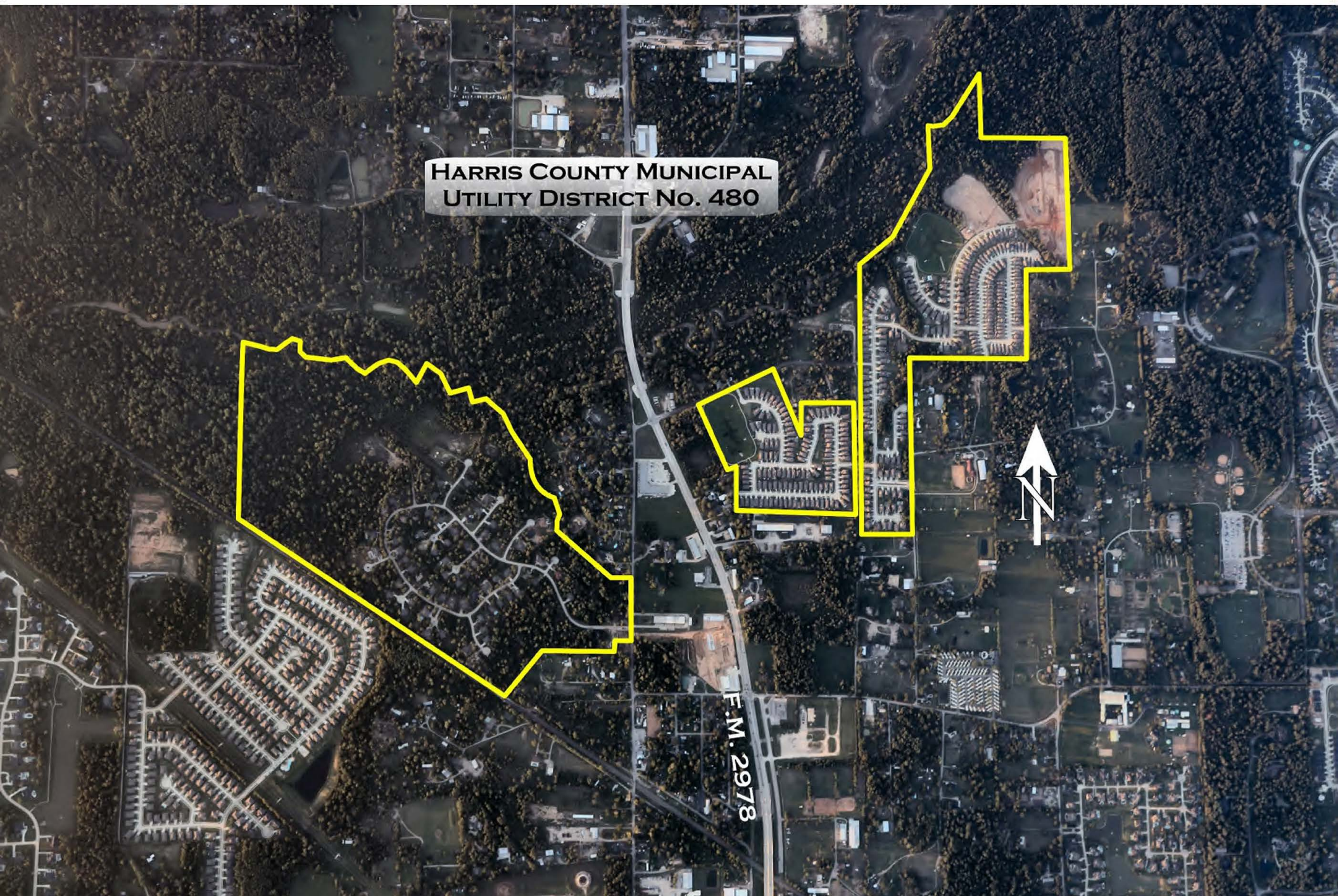
TEXAS FIRM REGISTRATION NO. F-487
 DATE: SEPTEMBER 2019 SCALE: N.T.S.



HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT No. 480

KUYKENDAHL RD.

F.M. 2920



**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT No. 480**

F.M. 2978

THE DISTRICT'S DEVELOPERS

Role of a Developer

In general, the activities of developers in a municipal utility district such as the District include purchasing the land within a district, designing the streets 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, and selling improved lots and commercial reserves to builders, other developers or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

DRH Land Opportunities I, Inc.

The original developer of the Pine Trace Village subdivision was Pine Trace Village, LLC, which developed the land and lots located in Pine Trace Village, Sections 1 – 5. On August 31, 2016, Pine Trace Village, LLC sold four improved lots and approximately 80 acres to DRH Land Opportunities I, Inc., a Delaware corporation ("D.R. Horton"). D.R. Horton has completed the development of such acres as Pine Trace Village, Sections 6 – 8. The homes in Pine Trace Village, Sections 1 – 5 were constructed by Lennar Homes, Meritage Homes, Colina Homes, Megatel Homes, and Brighton Homes on 45-foot and 50-foot lots and were sold in the \$130,000 to \$200,000 price range. The homes in Pine Trace Village, Sections 6 – 8 were constructed by D.R. Horton Homes on 50-foot lots and were sold in the \$200,000 to \$215,000 price range.

BBRR Partners, Ltd.

The developer of Fairway Farms, Section 1 is BBRR Partners, Ltd., a Texas limited partnership ("BBRR"). BBRR has developed the 60-acre tract in Fairway Farms, Section 1 into 113 single-family residential lots. The homes in Fairway Farms, Section 1 were constructed by D.R. Horton Homes, Empire Homes, and David Powers Homes on 60-foot and 65-foot lots and were sold in the \$300,000 to \$350,000 price range. The Fairway Farms subdivision includes an additional 63 acres. On June 11, 2020, BBRR sold such 63 acres to Century Land Holdings of Texas, LLC, a Texas limited liability company. See "– Century Land Holdings of Texas, LLC" herein.

Century Land Holdings of Texas, LLC

Century Land Holdings of Texas, LLC, a Texas limited liability company ("Century Communities") and a wholly-owned subsidiary of Century Communities, Inc., a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "CCS," bought 63 acres from BBRR on June 11, 2020, in the Fairway Farms subdivision. Century Communities has developed approximately 23 acres as Fairway Farms, Section 2, which includes 121 single-family residential lots. The homes in Fairway Farms, Section 2 were constructed on 40-foot and 50-foot lots and were marketed in the \$210,000 to \$250,000 price range. Additionally, Century Communities has commenced the development of approximately 40 acres to be known as Fairway Farms, Section 3, which is expected to contain 77 single-family residential lots (40-foot and 50-foot lots). According to Century Communities, such lots in Fairway Farms, Section 3 are anticipated to be available for homebuilding during the fourth quarter of 2022. Century Communities was the sole homebuilder in Fairway Farms, Section 2 and intends to be the sole homebuilder in Fairway Farms, Section 3.

Bogs Tract, LLC

The developer of the Grove Landing subdivision is Bogs Tract, LLC, a Texas limited liability company, whose parent company is J. Alan Kent Development, LLC, a Texas limited liability company. Bogs Tract, LLC completed the development of the 37-acre tract known as Grove Landing, Section 1 into 130 single-family residential lots and sold all of its land holdings to David Weekly Homes and MHI Homes in the form of developed lots. The homes in Grove Landing, Section 1 were constructed by David Weekly Homes and MHI Homes on 50-foot lots and were marketed in the \$250,000 to \$350,000 price range.

THE SYSTEM

Regulation

The water and wastewater facilities serving land within the District have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, City of Houston and Harris County. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the United States Environmental Protection Agency ("EPA") and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Construction and operation of the System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of various federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to regulatory authority of the TCEQ and the EPA. Provision of potable water in the District is subject to regulatory authority of the TCEQ and the EPA. Withdrawal of groundwater and the issuance of water well permits are subject to the regulatory authority of the Harris-Galveston Coastal Subsidence District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

Description of the System

The water supply, wastewater treatment, and drainage facilities, and the accompanying rights of use therein (the "System") which the District has financed with the proceeds of the Bonds and previously-issued bonds are described below, based upon information obtained from the District's Engineer.

– Water Supply Facilities –

The District's water supply facilities exclusively serve the Pine Trace Village subdivision and consist of two wells totaling 475 gallons per minute ("gpm") of water production capacity, 194,226 gallons of ground storage tank capacity, 30,000 gallons of hydro-pneumatic pressure tank capacity, and 2,050 gpm of booster pump capacity. The District's water supply facilities for the Pine Trace subdivision have capacity to serve approximately 792 equivalent single-family connections ("ESFCs"). According to the Engineer, the existing water supply facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. Additionally, the District has entered into an emergency water supply agreement and has interconnects with Dowdell Public Utility District to serve only the Pine Trace Village subdivision.

The Fairway Farms, Grove Landing, and Twelve Oaks subdivisions are served with water supply capacity pursuant to a wholesale water contract with Aqua Texas, Inc. ("Aqua"), a private water company that provides water and wastewater services to communities in 53 counties throughout Texas, including the Houston area. Aqua's water supply facilities that service the Fairway Farms, Grove Landing, and Twelve Oaks subdivisions includes a water plant located adjacent to the Twelve Oaks subdivision and an eight-inch water line that runs to points of connection located in the Fairway Farms, Grove Landing, and Twelve Oaks subdivisions to Aqua's water supply facility. The contract provides that the District will pay a wholesale price for water equal to \$5.01 per 1,000 gallons and that future rates will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in the Fairway Farms, Grove Landing, and Twelve Oaks subdivisions and for provisions to remedy a breach of contract by either Aqua or the District. The term of the contract runs until May 1, 2054, and includes provisions for the extension of the contract if mutually agreeable to Aqua and the District. The District is the retail provider in these areas.

New Water Taps Delayed in Grove Landing, Fairway Farms, and Twelve Oaks – The District is currently not allowing any additional water taps for any purpose within Twelve Oaks, Grove Landing, and Fairway Farms (the areas dependent on water capacity under the Aqua contract) pending the completion of additional water supply improvements by Aqua under the terms of the contract. The District has been informed by Aqua's representatives that construction of such improvements is underway, and will proceed to substantial completion during the first quarter of 2023. As a result, new residential or other improvements will not be authorized by the District to be occupied in those areas until Aqua is able to bring the improvements into service. This restriction does not affect the Pine Trace Village subdivision, which receives its water from District facilities.

– Conversion to Surface Water –

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted a District Regulatory Plan (the "Subsidence District Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the Subsidence District Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the Subsidence District Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. If the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District Plan. The Authority submitted its Groundwater Reduction Plan (the "GRP") to the Subsidence District and it received final certification on June 11, 2003. The GRP covers the area of the District and, provided the Authority adheres to the GRP, the District will not owe any disincentive fees to the Subsidence District. The Authority has entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee per 1,000 gallons

and a rate per 1,000 gallons for surface water used. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

– Wastewater Treatment Facilities –

The District's wastewater treatment facilities exclusively serve the Pine Trace Village subdivision. The District's wastewater treatment facilities consist of a 240,000 gallon per day leased wastewater treatment plant, which has capacity to serve approximately 800 ESFCs. According to the Engineer, the existing wastewater treatment facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs.

The Fairway Farms and Grove Landing subdivisions are served with wastewater treatment facilities pursuant to a wholesale wastewater treatment contract with Aqua. Aqua's wastewater treatment facilities that service the Fairway Farms and Grove Landing subdivisions include a wastewater treatment plant located approximately 300 feet from the District. Wastewater is transferred from the District to the wastewater treatment plant by way of various sized sanitary sewer lines that flow to a lift station within the Fairway Farms subdivision, which pumps through a six-inch force main that run from points of connection located in Fairway Farms to Aqua's wastewater treatment plant. The contract provides that the District will pay Aqua a wholesale price for wastewater treatment equal to \$63.80 per ESFC per month and that future prices for wastewater treatment will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in the Fairway Farms and Grove Landing subdivisions and for provisions to remedy a breach of contract by either Aqua or the District.

Each home in the Twelve Oaks subdivision is currently served by separate private septic systems.

– Storm Drainage and Detention Facilities –

Each of the above subdivisions located within the District has, or will have, their own storm drainage and detention pond systems. In general, the District drains towards the northeast. The drainage system improvements consist of storm sewer systems and detention basins to serve the District's storm water runoff. The land in the Pine Trace Village subdivision generally drains into Roan Gully and from there into Willow Creek. The Fairway Farms subdivision generally drains into three minor natural tributaries and from there into Spring Creek. The Grove Landing subdivision generally drains into Spring Creek. The Twelve Oaks subdivision generally drains into Bogs Gully and Spring Creek.

100-Year Flood Plain

According to the Engineer, the Flood Hazard Boundary Map, currently in effect, published by the Federal Emergency Management Agency (FEMA), which covers land located in the District, indicates that there may be portions of the District that are within the 100-year flood plain. However, all developed acres have been, and any acres planned for future development will be, mitigated as necessary as part of the design of that development. All of the land within the flood plain, with the exception of future mitigated developments, is made up of drainage easements, detention ponds, or other designated drainage facilities. None of the developed and improved land is located in the 100-year flood plain.

Historical Operations of the System

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's water and sewer system operations is provided for information purposes only.

GENERAL FUND	Fiscal Year Ended November 30 (a)				
	2021	2020	2019	2018	2017
REVENUES					
Property Taxes	\$723,423	\$1,103,117	\$1,035,074	\$693,904	\$613,713
Water Service	\$281,419	\$261,427	\$206,686	\$175,397	\$105,349
Wastewater Service	\$243,053	\$223,015	\$176,573	\$140,048	\$89,699
Water Authority Fees	\$325,374	\$289,867	\$202,204	\$130,612	\$81,549
Tap Connection and Inspection Fees	\$233,411	\$177,054	\$179,270	\$191,134	\$166,014
Investment and Misc. Revenues	\$35,163	\$39,948	\$39,565	\$22,856	\$12,684
TOTAL REVENUES	\$1,841,843	\$2,094,428	\$1,839,372	\$1,353,951	\$1,069,008
EXPENDITURES					
Professional Fees	\$192,305	\$173,787	\$108,985	\$117,800	\$105,535
Contracted Services	\$239,519	\$194,234	\$155,128	\$116,887	\$89,234
Purchased Water and Wastewater Services	\$285,188	\$200,372	\$78,862	\$49,907	-
Utilities	\$52,997	\$38,889	\$37,072	\$32,631	\$25,016
Water Authority Assessments	\$220,352	\$208,822	\$176,614	\$114,104	\$76,238
Repairs and Maintenance	\$419,885	\$344,173	\$274,530	\$228,499	\$160,592
Operating Leases	\$156,363	\$261,478	\$295,142	\$271,078	\$271,578
Other	\$255,672	\$200,752	\$170,782	\$200,121	\$140,055
Capital Outlay	-	-	\$42,872	\$97,450	-
TOTAL EXPENDITURES	\$1,822,281	\$1,622,507	\$1,339,987	\$1,228,477	\$868,248
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	(\$7,266)	-	-	-
NET CHANGE IN FUND BALANCE	\$19,562	\$464,655	\$499,385	\$125,474	\$200,760
BEGINNING FUND BALANCE	\$1,792,265	\$1,327,610	\$828,225	\$702,751	\$501,991
ENDING FUND BALANCE (b)	\$1,811,827	\$1,792,265	\$1,327,610	\$828,225	\$702,751

(a) The information in this table is taken from District's audited financial statements. See "APPENDIX A."

(b) As of October 26, 2022, the District's General Fund had an unaudited cash and investment balance of \$2,262,668. For the fiscal year ending November 30, 2022, the District's General Fund is currently budgeting revenues of \$1,805,200 and expenditures of \$1,654,328.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each of the directors owns a parcel of land in the District subject to a note and deed of trust. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

<u>Name</u>	<u>Title</u>	<u>Expires May</u>
Josh Hawes	President	2026
William Ehler	Vice President	2026
Vince Contreras	Secretary	2024
April Konopka	Assistant Vice President	2024
Christopher Verret II	Assistant Secretary	2026

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., who is employed under an annual contract to perform the tax collection functions.

Bookkeeper – The District has contracted with Myrtle Cruz, Inc. for bookkeeping services.

Auditor – The financial statements of the District as of November 30, 2021, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's November 30, 2021, audited financial statements.

Utility System Operator – The operator of the District's water supply and wastewater treatment system is Water District Management Co.

Engineer – The consulting engineer for the District is R.G. Miller Engineers, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered.

Bond Counsel – Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District and as general counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield in its portfolio. Funds of the District are invested in short-term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and 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 District portfolio.

DISTRICT DEBT

8/1/2022 Estimated Taxable Value	\$293,213,618 (a)
2022 Certified Taxable Value	\$285,038,568 (b)

Direct Debt	
Outstanding Bonds	\$21,135,000
The Bonds	<u>\$3,520,000</u>
Total Direct Debt	\$24,655,000

Estimated Overlapping Debt	<u>\$15,394,834 (c)</u>
Direct and Estimated Overlapping Debt	\$40,049,834

Percentage of Direct Debt to:	
8/1/2022 Estimated Taxable Value	8.41%
2022 Certified Taxable Value	8.65%

Percentage of Direct and Estimated Overlapping Debt to:	
8/1/2022 Estimated Taxable Value	13.66%
2022 Certified Taxable Value	14.05%

2022 Tax Rate Per \$100 of Assessed Value:	
Debt Service Tax	\$0.48
Maintenance Tax	<u>\$0.57</u>
Total 2022 Tax Rate	\$1.05

Cash and Temporary Investment Balances as of October 26, 2022:	
General Fund	\$2,262,668 (d)
Debt Service Fund	\$1,292,667 (e)

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- (a) Reflects data supplied by HCAD. The Estimated Taxable Value as of August 1, 2022, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2022, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2023 tax roll is prepared and certified by HCAD during the second half of 2023. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."
- (b) Reflects the January 1, 2022 Certified Taxable Value according to data supplied to the District by HCAD, which includes \$31,015,665 of uncertified taxable value that is still in the certification process. Such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."
- (c) See "– Estimated Overlapping Debt" herein.
- (d) Unaudited figure per the District's records. See "THE SYSTEM – Historical Operations of the System."
- (e) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Estimated Overlapping Debt

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 the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas and from information obtained directly from certain jurisdictions. Except for the amounts 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, the amount of which has not been reported. 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.

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Overlapping Debt</u>	
		<u>Percent</u>	<u>Amount</u>
Klein Independent School District (a)	\$1,140,540,000	0.75%	\$8,554,050
Tomball Independent School District (a)	\$685,985,000	0.70%	\$4,801,895
Harris County	\$1,515,787,125	0.05%	\$757,893
Harris County Flood Control District	\$584,900,000	0.05%	\$292,450
Port of Houston Authority	\$469,434,397	0.05%	\$234,717
Harris County Department of Education	\$20,185,000	0.05%	\$10,092
Harris County Hospital District	\$76,385,000	0.05%	\$38,192
Lone Star College System	\$641,405,000	0.11%	\$705,545
Total Estimated Overlapping Debt			\$15,394,834
The District's Direct Debt (b)			\$24,655,000
Total Direct and Estimated Overlapping Debt			\$40,049,834

(a) The District is located within the boundaries of both Klein Independent School District and Tomball Independent School District. The majority of the District's taxable value (approximately 67%) is located in Klein Independent School District, while the remaining taxable value (approximately 33%) is located within Tomball Independent School District.

(b) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2017 through 2021, and includes certain information relative to the 2022 tax year. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

<u>Tax Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate (a)</u>	<u>Tax Levy</u>	<u>Cumulative Tax Collections (b)</u>	<u>Tax Year Ended September 30</u>
2022	\$285,038,568 (c)	\$1.05	\$2,992,905	(d)	(d)
2021	\$192,171,820	\$1.15	\$2,209,976	98%	2022
2020	\$151,708,071	\$1.20	\$1,820,497	99%	2021
2019	\$126,871,389	\$1.42	\$1,801,574	99%	2020
2018	\$84,144,551	\$1.43	\$1,203,267	100%	2019
2017	\$68,873,563	\$1.44	\$991,779	100%	2018

(a) See "Tax Rate Distribution" herein.

(b) Represents cumulative collections as of September 30, 2022.

(c) Reflects the January 1, 2022 Certified Taxable Value according to data supplied to the District by HCAD, which includes \$31,015,665 of uncertified taxable value that is still in the certification process. Such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

(d) The 2022 tax levy is in the process of collections; such taxes become delinquent if not paid before February 1, 2023. See "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters have authorized a maintenance tax of up to \$1.50 per \$100.00 of assessed valuation at an election held on May 12, 2007. See "Tax Rate Distribution" herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2017 through 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Service	\$0.48	\$0.60	\$0.72	\$0.54	\$0.21	\$0.42
Maintenance/Operations	<u>\$0.57</u>	<u>\$0.55</u>	<u>\$0.48</u>	<u>\$0.88</u>	<u>\$1.22</u>	<u>\$1.02</u>
Total	\$1.05	\$1.15	\$1.20	\$1.42	\$1.43	\$1.44

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Principal Taxpayers

The list of principal taxpayers for 2022 and the other information provided by this table were provided by HCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of HCAD.

<u>Property Owner</u>	<u>Property Description</u>	<u>Property Value</u>	<u>% of Total (a)</u>
Century Land Holdings of Texas LLC (b)	Land and Improvements	\$6,092,602	2.14%
Twelve Oaks Subdivision LLC	Land and Improvements	\$2,690,557	0.94%
Homeowner	Land and Improvements	\$2,486,895	0.87%
Centerpoint Energy Hou Ele	Utilities	\$824,990	0.29%
TX Maya Homes LLC	Land and Improvements	\$741,527	0.26%
DR Horton Texas Ltd. (b)	Land and Improvements	\$737,858	0.26%
Homeowner	Land and Improvements	\$724,191	0.25%
Just Business LLC	Land and Improvements	\$666,330	0.23%
T-TO. Construction, LLC	Land and Improvements	\$655,576	0.23%
Homeowner	Land and Improvements	\$643,385	0.23%
TOTALS		\$16,263,911	5.71%

(a) The 2022 Certified Taxable Value used in the calculations above includes \$31,015,665 of uncertified taxable value that is still in the certification process. Such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

(b) See "THE DISTRICT'S DEVELOPERS."

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2017 through 2022, and includes the August 1, 2022 Estimated Taxable Value.

<u>Tax Roll Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Valuations</u>	<u>Exemptions</u>	<u>Taxable Valuations</u>
8/1/2022						\$293,213,618 (a)
2022	\$53,932,832	\$215,977,419	\$1,464,492	\$271,374,743	\$17,351,840	\$254,022,903 (b)
2021	\$38,848,241	\$156,837,201	\$1,513,730	\$197,199,172	\$5,027,352	\$192,171,820
2020	\$38,854,545	\$115,077,207	\$1,437,373	\$155,369,125	\$3,661,054	\$151,708,071
2019	\$34,067,072	\$94,230,898	\$1,236,768	\$129,534,738	\$2,663,349	\$126,871,389
2018	\$26,798,176	\$57,959,258	\$656,106	\$85,413,540	\$1,268,989	\$84,144,551
2017	\$22,407,607	\$46,761,609	\$606,932	\$69,776,148	\$902,585	\$68,873,563

(a) The Estimated Taxable Value as of August 1, 2022, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2022, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2023 tax roll is prepared and certified by HCAD during the second half of 2023. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

(b) Reflects only the portion of the January 1, 2022 Certified Taxable Value that is presently certified on the District's tax roll and excludes \$31,015,665 of uncertified taxable value that is still in the certification process; such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

Estimated Overlapping Taxes

The following table sets forth all 2021 taxes levied by overlapping taxing jurisdictions and includes the District's 2022 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

<u>Taxing Jurisdictions</u> (a)	<u>2021 Tax Rate</u>
Klein Independent School District	\$1.300100
Harris County (b)	\$0.586340
Lone Star College District	\$0.107800
Harris County Emergency Services District No. 15 (c)	\$0.048810
Overlapping Taxes	\$2.043050
The District (2022)	\$1.050000
Total Direct & Overlapping Taxes	\$3.093050

- (a) The District overlaps Klein Independent School District, which levied a 2021 tax rate of \$1.300100 per \$100 of assessed valuation, and Tomball Independent School District, which levied a 2021 tax rate of \$1.250000 per \$100 of assessed valuation. The table above reflects the higher tax rate for Klein Independent School District and in which the majority of the District's tax base is located.
- (b) Includes taxes levied by Harris County, Port of Houston Authority, Harris County Department of Education, Harris County Hospital District, and the Harris County Flood Control District.
- (c) Certain of the District's residents are within the boundaries of Harris County Emergency Services District No. 8, which levied a 2021 tax rate of \$0.094245 per \$100 of assessed valuation. The total direct and overlapping tax rate for such residents, including the District's 2022 tax rate of \$1.05 per \$100 of assessed valuation, is \$3.138485 per \$100 of assessed valuation.

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the August 1, 2022 Estimated Taxable Value and the 2022 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirement (2041).....\$1,599,637

Requires a \$0.58 debt service tax rate on the August 1, 2022 Estimated Taxable Value of \$293,213,618 (a)
at 95% collections \$1,615,607

Requires a \$0.60 debt service tax rate on the 2022 Certified Taxable Value of \$285,038,568 (b)
at 95% collections\$1,624,720

- (a) The Estimated Taxable Value as of August 1, 2022, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2022, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2023 tax roll is prepared and certified by HCAD during the second half of 2023. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."
- (b) The 2022 Certified Taxable Value used in the calculations above includes \$31,015,665 of uncertified taxable value that is still in the certification process. Such amount of uncertified value represents HCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also 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 the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

Title 1 of the Texas 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 here. 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 in a county and

an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

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 the State of 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; 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 of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 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. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of \$5,000 to \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, 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 was killed or fatally injured in the line of duty is, subject to certain conditions, also 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.

Residential Homestead Exemptions. The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 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 assessor and collector 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 adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions. A "Freeport Exemption" applies to goods, wares, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property that are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County may designate all or part of the area within the District as a reinvestment zone. Thereafter, neither Harris County nor 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, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

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. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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 real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal 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.

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% physically 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.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will 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 of Directors, 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 purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax

attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 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 by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

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 can be 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 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 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 than 1.035 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 Special Taxing Unit or a Developed District can be 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 an 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. The Board of Directors designated the District as a Developing District for purposes of setting the 2022 tax rate. 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 for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District and the City, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "DISTRICT TAX DATA – Estimated Overlapping Taxes." A tax lien on real property takes priority over the claim 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 applicable 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 and land designated for agricultural use and six months for all other 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 (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that they affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes.

ANNEXATION AND CONSOLIDATION

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

A district (such as 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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

THE BONDS

General

The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Resolution. Capitalized terms in such summary are used as defined in the Bond Resolution. Such summary is not a complete description of the entire Bond Resolution and is qualified in its entirety by reference to the Bond Resolution, a copy of which is available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2022, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2023, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof.

Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, 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.

Optional Redemption

The Bonds maturing on and after April 1, 2029, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2027, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption

The Bonds maturing on April 1 in the years 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2044, and 2048 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

\$185,000 Term Bonds, due April 1, 2029

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2028	\$90,000
April 1, 2029 (maturity)	\$95,000

\$205,000 Term Bonds, due April 1, 2031

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2030	\$100,000
April 1, 2031 (maturity)	\$105,000

\$225,000 Term Bonds, due April 1, 2033

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2032	\$110,000
April 1, 2033 (maturity)	\$115,000

\$250,000 Term Bonds, due April 1, 2035

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2034	\$120,000
April 1, 2035 (maturity)	\$130,000

\$275,000 Term Bonds, due April 1, 2037

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2036	\$135,000
April 1, 2037 (maturity)	\$140,000

\$305,000 Term Bonds, due April 1, 2039

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2038	\$150,000
April 1, 2039 (maturity)	\$155,000

\$340,000 Term Bonds, due April 1, 2041

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2040	\$165,000
April 1, 2041 (maturity)	\$175,000

\$575,000 Term Bonds, due April 1, 2044

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2042	\$185,000
April 1, 2043	\$190,000
April 1, 2044 (maturity)	\$200,000

\$915,000 Term Bonds, due April 1, 2048

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2045	\$210,000
April 1, 2046	\$225,000
April 1, 2047	\$235,000
April 1, 2048 (maturity)	\$245,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond 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 Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to 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 Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Resolution, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than \$5,000 in principal amount may be redeemed in part (\$5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Resolution, 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, Registrar fees, and Appraisal Districts fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

Defeasance

The Bond Resolution 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 tax 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 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 or 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 that 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Funds

The Bond Resolution confirms the District's Debt Service Fund, which is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds, any outstanding bonds, and any additional bonds payable from taxes that may be issued in the future by the District. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Registrar.

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developers for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 in the Bond Resolution 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 that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent and initial registrar with respect to the Bonds is Amegy Bank, a division of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

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, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted 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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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.

Issuance of Additional Debt

The District's voters have authorized the issuance of \$46,100,000 unlimited tax bonds for various purposes as reflected in the table below:

<u>Amount</u>	<u>Purpose</u>
\$41,100,000	For certain water, sanitary sewer, storm water facilities, and refunding
\$5,000,000	For certain parks and recreation facilities and refunding

After the issuance of the Bonds, the District will have \$15,730,000 of unlimited tax, water, sanitary sewer, and storm water facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, and \$5,000,000 of unlimited tax park and recreation facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Such additional new money bonds or refunding bonds would be issued on a parity basis with the Bonds. Any future new money bonds to be issued by the District must also be approved by the TCEQ.

Further, the principal amount of park bonds sold by the District is limited to one percent of the District's certified taxable assessed valuation, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City of Houston to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Securities is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Securities are to be paid to and credited by DTC while the Securities are registered in its nominee 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, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Securities, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Securities), or redemption or other notices, to the Beneficial

Owners, 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, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Securities. The Securities 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 requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Securities, each in the aggregate principal amount or Maturity Value, as the case may be, of such maturity, 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. 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Securities 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 securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 the District 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Securities 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 the 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the 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 Securities 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, securities are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, securities will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified 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 by the District, without 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, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Legal Review

In its capacity as Bond Counsel, Allen Boone Humphries Robinson LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "ANNEXATION AND CONSOLIDATION," "THE BONDS," "LEGAL MATTERS – Legal Proceedings" (to the extent such section relates to the opinion of Bond Counsel) and "– Legal Review," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the documents and legal matters referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. 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, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with 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.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriter 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 from that set forth or contemplated in the Preliminary Official Statement.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States, and a requirement that the District file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor, and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor, and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of, interest on, or disposition of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law and based upon the assumptions hereinafter stated: (a) the difference between: (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale, or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion

regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bond, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale, or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale, or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale, or other disposition of such Bonds and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and redemption, sale, or other disposition of such Bonds.

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 District as "qualified tax-exempt obligations" and (b) issued by or on behalf of 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 as "qualified tax-exempt obligations" and represents 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 these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified 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, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, 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 provisions.

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, and other sources that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions, and engineering and other related reports set forth in the Official Statement are included herein 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.

Financial Advisor

The GMS Group, L.L.C. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities 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.

Consultants

In approving this Official Statement, the District has relied upon the following consultants:

Engineer – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," "USE OF BOND PROCEEDS," and certain engineering matters included in "THE DISTRICT – Description and Location," and "THE DISTRICT – Land Uses and Status of Land Development" has been provided by R.G. Miller Engineers, Inc., and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by the Appraisal Districts and by Assessments of the Southwest, Inc., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The financial statements of the District as of November 30, 2021, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's November 30, 2021, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District audit report is required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Certification as to Official Statement

The Board of Directors of the District, acting in its official capacity and in reliance upon the consultants listed above and certain certificates of representation to be provided to the Board, 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 the 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 of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriter.

MISCELLANEOUS

All estimates, statements, and assumptions in this Official Statement and the Appendices hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated is intended as such and not a representation of fact and no representation is made that any such statement will be realized.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 480 as of the date shown on the cover page.

APPENDIX A

AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2021

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 480
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. 480 (the "District"), as of and for the year ended November 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 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 financial statements are free from 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies 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 and appropriate to provide a basis for our audit opinions.

Opinions

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 the District as of November 30, 2021, and the respective changes in financial position for the year then ended in accordance 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 23, 2022

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2021**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 480 (the “District”) provides an overview of the District’s financial activities for the year ended November 30, 2021. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position presents information that includes all of the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2021**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$1,850,588 as of November 30, 2021. A portion of the District's net position reflects its net investment in capital assets (land as well as water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in the Statement of Net Position. Fiscal year ending 2020 balances were adjusted (see Note 15).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 5,501,007	\$ 4,814,214	\$ 686,793
Capital Assets (Net of Accumulated Depreciation)	20,719,088	20,210,793	508,295
Total Assets	\$ 26,220,095	\$ 25,025,007	\$ 1,195,088
Deferred Outflows of Resources	\$ 108,052	\$ -0-	\$ 108,052
Due to Developer	\$ 4,483,727	\$ 7,072,537	\$ 2,588,810
Bonds Payable	21,169,902	16,984,805	(4,185,097)
Other Liabilities	362,360	532,971	170,611
Total Liabilities	\$ 26,015,989	\$ 24,590,313	\$ (1,425,676)
Deferred Inflows of Resources	\$ 2,162,746	\$ 1,754,319	\$ (408,427)
Net Position:			
Net Investment in Capital Assets	\$ (4,674,101)	\$ (3,673,908)	\$ (1,000,193)
Restricted	990,023	571,428	418,595
Unrestricted	1,833,490	1,782,855	50,635
Total Net Position	\$ (1,850,588)	\$ (1,319,625)	\$ (530,963)

The following table summarizes the District's operations for the years ended November 30, 2021, and November 30, 2020. Fiscal year ending 2020 balances were adjusted (see Note 15).

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,818,143	\$ 1,805,339	\$ 12,804
Charges for Services	1,138,727	985,847	152,880
Other Revenues	22,507	40,094	(17,587)
Total Revenues	\$ 2,979,377	\$ 2,831,280	\$ 148,097
Expenses for Services	3,510,340	3,604,041	93,701
Change in Net Position	\$ (530,963)	\$ (772,761)	\$ 241,798
Net Position, Beginning of Year	(1,319,625)	(546,864)	(772,761)
Net Position, End of Year	\$ (1,850,588)	\$ (1,319,625)	\$ (530,963)

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of November 30, 2021, were \$2,949,291, an increase of \$400,258 from the prior year.

The General Fund fund balance increased by \$19,562, primarily due to property tax and service revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$400,949, primarily due to the structure of the District's debt service requirements and the sale of Series 2021 Refunding Bonds.

The Capital Projects Fund fund balance decreased by \$20,253. The District issued its Series 2021A Unlimited Tax Bonds and used the proceeds to reimburse developers and pay for bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$22,843 more than budgeted revenues and actual expenditures were \$475,603 more than budgeted expenditures which resulted in a negative variance of \$452,760. See the budget to actual comparison for more detailed information.

CAPITAL ASSETS

Capital assets as of November 30, 2021, total \$20,719,088 (net of accumulated depreciation) and include land as well as the water, wastewater and drainage systems. Current year capital asset additions were funded through the issuance of bonds as discussed in Note 14.

Capital Assets At Year-End			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,958,649	\$ 1,958,649	\$
Capital Assets Subject to Depreciation:			
Water System	3,327,205	2,951,154	376,051
Wastewater System	5,996,426	5,444,381	552,045
Drainage System	12,366,206	12,410,037	(43,831)
Accumulated Depreciation	<u>(2,929,398)</u>	<u>(2,553,428)</u>	<u>(375,970)</u>
Total Net Capital Assets	<u>\$ 20,719,088</u>	<u>\$ 20,210,793</u>	<u>\$ 508,295</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2021**

LONG-TERM DEBT ACTIVITY

As of November 30, 2021, the District had total bond debt payable of \$21,425,000. The changes in the debt position of the District during the fiscal year ended November 30, 2021, are summarized as follows:

Bond Debt Payable, December 1, 2020	\$ 17,290,000
Add: Bond Sales	8,360,000
Less: Bond Principal Paid/Refunded	<u>4,225,000</u>
Bond Debt Payable, November 30, 2021	<u>\$ 21,425,000</u>

The District's Series 2019 Bonds, Series 2020 Bonds, Series 2021 Refunding Bonds, and Series 2021A Bonds carry insured ratings of "AA" by virtue of bond insurance issued by either Assured Guaranty Municipal or Build America Mutual Assurance Company and underlying ratings of "BBB-" as of year end.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 480, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
NOVEMBER 30, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 69,445	\$ 143,363
Investments	1,823,753	970,737
Receivables:		
Property Taxes	1,015,369	1,107,914
Penalty and Interest on Delinquent Taxes		
Service Accounts	96,742	
Accrued Interest	319	
Other	8,381	
Due from Other Funds	90,266	
Prepaid Costs	22,865	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 3,127,140</u>	<u>\$ 2,222,014</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED		
OUTFLOWS OF RESOURCES	<u><u>\$ 3,127,140</u></u>	<u><u>\$ 2,222,014</u></u>

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 7,697	\$ 220,505	\$	\$ 220,505
190,061	2,984,551		2,984,551
	2,123,283		2,123,283
		16,440	16,440
	96,742		96,742
	319		319
	8,381		8,381
	90,266	(90,266)	
	22,865	27,921	50,786
		1,958,649	1,958,649
		18,760,439	18,760,439
<u>\$ 197,758</u>	<u>\$ 5,546,912</u>	<u>\$ 20,673,183</u>	<u>\$ 26,220,095</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 108,052</u>	<u>\$ 108,052</u>
<u><u>\$ 197,758</u></u>	<u><u>\$ 5,546,912</u></u>	<u><u>\$ 20,781,235</u></u>	<u><u>\$ 26,328,147</u></u>

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
NOVEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 94,393	\$ 2,867
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		32,323
Security Deposits	157,915	
Accrued Interest at Time of Sale		6,962
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 252,308</u>	<u>\$ 42,152</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 1,063,005</u>	<u>\$ 1,159,880</u>
FUND BALANCES/NET POSITION		
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 22,865	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,019,982
Unassigned	<u>1,788,962</u>	<u></u>
TOTAL FUND BALANCES	<u>\$ 1,811,827</u>	<u>\$ 1,019,982</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,127,140</u></u>	<u><u>\$ 2,222,014</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Assets
\$ 22,333	\$ 119,593	\$	\$ 119,593
		84,852	84,852
		4,483,727	4,483,727
57,943	90,266	(90,266)	
	157,915		157,915
	6,962	(6,962)	
		290,000	290,000
		20,879,902	20,879,902
<u>\$ 80,276</u>	<u>\$ 374,736</u>	<u>\$ 25,641,253</u>	<u>\$ 26,015,989</u>
<u>\$ -0-</u>	<u>\$ 2,222,885</u>	<u>\$ (60,139)</u>	<u>\$ 2,162,746</u>
\$	\$ 22,865	\$ (22,865)	\$
117,482	117,482	(117,482)	
	1,019,982	(1,019,982)	
	1,788,962	(1,788,962)	
<u>\$ 117,482</u>	<u>\$ 2,949,291</u>	<u>\$ (2,949,291)</u>	<u>\$ -0-</u>
<u>\$ 197,758</u>	<u>\$ 5,546,912</u>		
		\$ (4,674,101)	\$ (4,674,101)
		990,023	990,023
		1,833,490	1,833,490
		<u>\$ (1,850,588)</u>	<u>\$ (1,850,588)</u>

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
NOVEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$	2,949,291
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance in governmental activities is not a current financial resource and, therefore, is not reported as an asset in the governmental funds.		27,921
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Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		108,052
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		20,719,088
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		76,579
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developers	\$ (4,483,727)	
Accrued Interest Payable	(77,890)	
Bonds Payable	<u>(21,169,902)</u>	<u>(25,731,519)</u>
Total Net Position - Governmental Activities		<u>\$ (1,850,588)</u>

The accompanying notes to the financial
statements are an integral part of this report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 723,423	\$ 1,074,256
Water Service	281,419	
Wastewater Service	243,053	
Water Authority Fees	325,374	
Penalty and Interest	17,340	30,301
Tap Connection and Inspection Fees	233,411	
Investment and Miscellaneous Revenues	17,823	4,617
TOTAL REVENUES	<u>\$ 1,841,843</u>	<u>\$ 1,109,174</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 192,305	\$ 22,043
Contracted Services	239,519	30,081
Purchased Water and Wastewater Services	285,188	
Utilities	52,997	
Water Authority Assessments	220,352	
Repairs and Maintenance	419,885	
Operating Leases	156,363	
Depreciation		
Other	255,672	6,235
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Principal		225,000
Bond Interest		419,876
Bond Issuance Costs		179,841
Payment to Refunded Bond Escrow Agent		5,000
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,822,281</u>	<u>\$ 888,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 19,562</u>	<u>\$ 221,098</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$
Proceeds from Issuance of Refunding Bonds		4,160,000
Transfer to Refunded Bond Escrow Agent		(4,004,495)
Bond Discount		(45,602)
Bond Premium		69,948
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ 179,851</u>
NET CHANGE IN FUND BALANCES	\$ 19,562	\$ 400,949
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - DECEMBER 1, 2020, AS ADJUSTED	<u>1,792,265</u>	<u>619,033</u>
FUND BALANCES/NET POSITION - NOVEMBER 30, 2021	<u><u>\$ 1,811,827</u></u>	<u><u>\$ 1,019,982</u></u>

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,797,679	\$ 20,464	\$ 1,818,143
	281,419		281,419
	243,053		243,053
	325,374		325,374
	47,641	7,829	55,470
	233,411		233,411
67	22,507		22,507
<u>\$ 67</u>	<u>\$ 2,951,084</u>	<u>\$ 28,293</u>	<u>\$ 2,979,377</u>
\$ 24,369	\$ 238,717	\$	\$ 238,717
	269,600		269,600
	285,188		285,188
	52,997		52,997
	220,352		220,352
	419,885		419,885
	156,363		156,363
		375,970	375,970
19,881	281,788		281,788
310,591	310,591		310,591
3,473,074	3,473,074	(3,473,074)	
	225,000	(225,000)	
	419,876	25,970	445,846
301,937	481,778	(28,735)	453,043
	5,000	(5,000)	
<u>\$ 4,129,852</u>	<u>\$ 6,840,209</u>	<u>\$ (3,329,869)</u>	<u>\$ 3,510,340</u>
<u>\$ (4,129,785)</u>	<u>\$ (3,889,125)</u>	<u>\$ 3,358,162</u>	<u>\$ (530,963)</u>
\$ 4,200,000	\$ 4,200,000	\$ (4,200,000)	\$
	4,160,000	(4,160,000)	
	(4,004,495)	4,004,495	
(90,468)	(136,070)	136,070	
	69,948	(69,948)	
<u>\$ 4,109,532</u>	<u>\$ 4,289,383</u>	<u>\$ (4,289,383)</u>	<u>\$ -0-</u>
\$ (20,253)	\$ 400,258	\$ (400,258)	\$
		(530,963)	(530,963)
137,735	2,549,033	(3,868,658)	(1,319,625)
<u>\$ 117,482</u>	<u>\$ 2,949,291</u>	<u>\$ (4,799,879)</u>	<u>\$ (1,850,588)</u>

The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2021**

Net Change in Fund Balances - Governmental Funds	\$	400,258
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		20,464
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		7,829
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(375,970)
--	--	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		3,473,074
---	--	-----------

In governmental activities, bond discounts, bond premiums and bond insurance premiums are amortized over the life of the bonds.		94,857
---	--	--------

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		225,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(25,970)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(8,360,000)
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Governmental funds report the transfer to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.		4,009,495
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Change in Net Position - Governmental Activities	\$	<u>(530,963)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 480 (the “District”) was created effective January 30, 2007, by an Order of the Texas Commission on Environmental Quality, (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on February 28, 2007.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The District has three governmental funds and considers these funds to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year - end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include the 2020 tax levy collections during the period October 1, 2020, to November 30, 2021, and taxes collected from December 1, 2020, to November 30, 2021, for the 2019 and prior tax levies. The 2021 tax levy has been fully deferred.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of November 30, 2021, the Debt Service Fund (Tax Fund) owed the General Fund \$29,084 for maintenance tax collections. The Debt Service Fund owed the General Fund \$3,239 for bond issuance costs. The Capital Projects Fund owed the General Fund \$57,943 for bond issuance costs associated with the Series 2021A Bond sale.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Water, wastewater and drainage facilities are amortized over periods ranging from 10 to 45 years.

Budgeting

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. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors to be wages subject to federal income tax withholding for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. 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 expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 3. LONG-TERM DEBT

	<u>Series 2019</u>	<u>Series 2020</u>
Amount Outstanding – November 30, 2021	\$6,210,000	\$6,855,000
Interest Rates	2.00% - 4.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2044	April 1, 2023/2046
Interest Payment Dates	April 1/October 1	April 1/October 1
Callable Dates	April 1, 2024*	April 1, 2025*

	<u>Refunding Series 2021</u>	<u>Series 2021A</u>
Amount Outstanding – November 30, 2021	\$4,160,000	\$4,200,000
Interest Rates	2.00% - 3.00%	2.00% - 4.50%
Maturity Dates – Serially Beginning/Ending	April 1, 2022/2042	April 1, 2024/2047
Interest Payment Dates	April 1/October 1	April 1/October 1
Callable Dates	April 1, 2026*	April 1, 2026*

* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2019 term bonds maturing on April 1, 2031, 2033, 2035, 2037, 2039 and 2044 are subject to mandatory redemption beginning April 1, 2030, 2032, 2034, 2036, 2038 and 2040, respectively. Series 2020 term bonds maturing on April 1, 2034 and 2046 are subject to mandatory redemption beginning April 1, 2033 and 2040, respectively. Series 2021 Refunding term bonds maturing on April 1, 2029, 2031, 2033, 2035, 2037, 2039 and 2042 are subject to mandatory redemption beginning April 1, 2028, 2030, 2032, 2034, 2036, 2038 and 2040, respectively. Series 2021A term bonds maturing on April 1, 2033, 2035, 2037, 2044 and 2047 are subject to mandatory redemption beginning April 1, 2032, 2034, 2036, 2038 and 2045, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended November 30, 2021:

	December 1, 2020	Additions	Retirements	November 30, 2021
Bonds Payable	\$ 17,290,000	\$ 8,360,000	\$ 4,225,000	\$ 21,425,000
Unamortized Discount	(305,195)	(136,070)	(118,199)	(323,066)
Unamortized Premiums		69,948	1,980	67,968
Bonds Payable, Net	<u>\$ 16,984,805</u>	<u>\$ 8,293,878</u>	<u>\$ 4,108,781</u>	<u>\$ 21,169,902</u>
			Amount Due Within One Year	\$ 290,000
			Amount Due After One Year	<u>20,879,902</u>
			Bonds Payable, Net	<u>\$ 21,169,902</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of November 30, 2021, the District had authorized but unissued bonds in the amount of \$19,250,000 for utility facilities and \$5,000,000 for recreational facilities.

As of November 30, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 290,000	\$ 506,606	\$ 796,606
2023	490,000	509,738	999,738
2024	620,000	490,400	1,110,400
2025	620,000	470,801	1,090,801
2026	700,000	452,837	1,152,837
2027-2031	3,780,000	2,028,745	5,808,745
2032-2036	4,560,000	1,582,007	6,142,007
2037-2041	5,540,000	991,375	6,531,375
2042-2046	4,585,000	284,822	4,869,822
2047	240,000	3,300	243,300
	<u>\$ 21,425,000</u>	<u>\$ 7,320,631</u>	<u>\$ 28,745,631</u>

During the year ended November 30, 2021, the District levied an ad valorem debt service tax rate of \$0.60 per \$100 of assessed valuation, which resulted in a tax levy of \$1,128,389 on the adjusted taxable valuation of \$188,064,851 for the 2021 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 3. LONG-TERM DEBT (Continued)

All property values and exempt status, if any, are determined by the 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.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is every five years for each bond issue beginning on the fifth anniversary of each bond issue.

The District is required to annually provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$676,471 and the bank balance was \$832,580. The District was not exposed to custodial credit risk at year-end.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits

The carrying value of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at November 30, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 69,445	\$ 455,966	\$ 525,411
DEBT SERVICE FUND	143,363		143,363
CAPITAL PROJECTS FUND	7,697		7,697
TOTAL DEPOSITS	<u>\$ 220,505</u>	<u>\$ 455,966</u>	<u>\$ 676,471</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit are recorded at acquisition cost for financial reporting purposes. As of November 30, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,367,787	\$ 1,367,787
Certificates of Deposit	455,966	455,966
<u>DEBT SERVICE FUND</u>		
TexPool	970,737	970,737
<u>CAPITAL PROJECTS FUND</u>		
TexPool	190,061	190,061
TOTAL INVESTMENTS	<u>\$ 2,984,551</u>	<u>\$ 2,984,551</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At November 30, 2021, the District's investments in TexPool were rated "AAAm" by Standard & Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2021 is as follows:

	December 1, 2020	Increases	Decreases	November 30, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,958,649	\$ - 0 -	\$ - 0 -	\$ 1,958,649
Capital Assets Subject to Depreciation				
Water System	\$ 2,951,154	\$ 376,051	\$	\$ 3,327,205
Wastewater System	5,444,381	552,045		5,996,426
Drainage System	12,410,037		43,831	12,366,206
Total Capital Assets Subject to Depreciation	\$ 20,805,572	\$ 928,096	\$ 43,831	\$ 21,689,837
Less Accumulated Depreciation				
Water System	\$ 410,992	\$ 64,524	\$	\$ 475,516
Wastewater System	714,899	129,241		844,140
Drainage System	1,427,537	182,205		1,609,742
Total Accumulated Depreciation	\$ 2,553,428	\$ 375,970	\$ - 0 -	\$ 2,929,398
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 18,252,144	\$ 552,126	\$ 43,831	\$ 18,760,439
Total Capital Assets, Net of Accumulated Depreciation	\$ 20,210,793	\$ 552,126	\$ 43,831	\$ 20,719,088

NOTE 7. MAINTENANCE TAX

On May 12, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and wastewater system and for any other lawful purpose. During the year ended November 30, 2021, the District levied an ad valorem maintenance tax rate of \$0.55 per \$100 of assessed valuation, which resulted in a tax levy of \$1,034,357 on the adjusted taxable valuation of \$188,064,851 for the 2021 tax year.

NOTE 8. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with Developers within the District which provide for the Developers to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 8. UNREIMBURSED COSTS (Continued)

The changes in Developer liability during the fiscal year ended November 30, 2021, are summarized as follows:

Due to Developer, beginning of year	\$ 7,072,537
Current year additions	1,766,845
Current year reductions	<u>(4,355,655)</u>
Due to Developer, end of year	<u>\$ 4,483,727</u>

NOTE 9. 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 natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. OPERATING LEASES

Wastewater Treatment Plant

The District leases a wastewater treatment plant from AUC Group, L.P. to serve the Pine Trace Village Subdivision. Monthly lease payments are \$10,100. The lease will continue until such time as the District provides 90 days written notice of its intent to cancel and terminate the lease agreement. Current year lease payments totaled \$131,300 and the District maintained a prepaid lease balance of \$20,200.

Water Well and Water Treatment Plant

During the current fiscal year, the District made its final two payments on a lease for a potable water well and water treatment plant from Bussell & Sons, LLC. to serve the Pine Trace Village Subdivision. Current year lease payments totaled \$25,063.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority currently charges a fee of \$4.60 per 1,000 gallons of water pumped from each well. The District made payments of \$220,352 to the Authority during the current fiscal year.

NOTE 12. EMERGENCY WATER SUPPLY AGREEMENT

On April 1, 2014, the District entered into an Emergency Water Supply Agreement (Agreement) with Dowdell Public Utility District (Dowdell). Costs to maintain the point of connection facilities will be borne equally by both districts, with the costs to be billed by the District to Dowdell. The cost of water will be equal to the base rate per 1,000 gallons charged by the supplying district for single family residential users within its district at 5,000 gallons usage during a month, plus any pumpage fee, unless the fee is already included in the rate. The term of the agreement is 20 years, with automatic successive five-year renewals.

NOTE 13. WATER SUPPLY AND WASTEWATER TREATMENT SERVICES

Water supply is provided to the Fairway Farms, Twelve Oaks and Grove Landing subdivisions pursuant to a wholesale water contract with Aqua Texas, Inc. (Aqua). The contract provides that the District will pay a wholesale price for water equal to \$5.01 per 1,000 gallons and that future rates will be subject to the review and approval of the appropriate state agency. The term of the contract runs until May 1, 2054, and includes provisions for the extension of the contract if mutually agreeable to Aqua and the District.

The Fairway Farms and Grove Landing subdivisions are served with wastewater treatment facilities pursuant to a wholesale wastewater treatment contract with Aqua. The contract provides that the District will pay a wholesale price for wastewater treatment equal to \$63.80 per ESFC and that future prices for wastewater treatment will be subject to the review and approval of the appropriate state agency.

During the current fiscal year, the District paid \$285,189 for purchased water and purchased wastewater treatment services in accordance with these contracts.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

NOTE 14. BOND SALES

On April 27, 2021, the District closed on the sale of its \$4,160,000 Series 2021 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund \$4,000,000 of the Series 2016 Bonds with interest rates of 2.30% - 3.625%, maturity dates of 2022 - 2042, and a redemption date of April 27, 2021. The refunding resulted in gross debt service savings of \$435,837 and net present value savings of \$333,534.

On November 23, 2021, the District closed on the sale of its \$4,200,000 Series 2021A Unlimited Tax Bonds. Proceeds of the bonds were used to reimburse the Developer for certain water, wastewater, drainage and detention improvements in the District and associated engineering costs, developer interest and costs of issuance.

NOTE 15. PRIOR PERIOD ADJUSTMENT

The District adjusted its beginning net position to include water treatment facilities which were acquired by the District in prior years. The effect was an increase in beginning net position from (\$2,402,878) to (\$1,319,625), a change of \$1,083,253.

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

REQUIRED SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED NOVEMBER 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,085,000	\$ 723,423	\$ (361,577)
Water Service	270,000	281,419	11,419
Wastewater Service	160,000	243,053	83,053
Water Authority Fees	180,000	325,374	145,374
Tap Connection and Inspection Fees	110,000	233,411	123,411
Investment and Miscellaneous Revenues	<u>14,000</u>	<u>35,163</u>	<u>21,163</u>
TOTAL REVENUES	<u>\$ 1,819,000</u>	<u>\$ 1,841,843</u>	<u>\$ 22,843</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 121,100	\$ 192,305	\$ (71,205)
Contracted Services	155,000	239,519	(84,519)
Purchased Water and Wastewater Services	200,000	285,188	(85,188)
Utilities	35,000	52,997	(17,997)
Water Authority Assessment	180,000	220,352	(40,352)
Repairs and Maintenance/Capital Outlay	240,000	419,885	(179,885)
Operating Leases	271,578	156,363	115,215
Other	<u>144,000</u>	<u>255,672</u>	<u>(111,672)</u>
TOTAL EXPENDITURES	<u>\$ 1,346,678</u>	<u>\$ 1,822,281</u>	<u>\$ (475,603)</u>
NET CHANGE IN FUND BALANCE	\$ 472,322	\$ 19,562	\$ (452,760)
FUND BALANCE - DECEMBER 1, 2020	<u>1,792,265</u>	<u>1,792,265</u>	<u></u>
FUND BALANCE - NOVEMBER 30, 2021	<u>\$ 2,264,587</u>	<u>\$ 1,811,827</u>	<u>\$ (452,760)</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

NOVEMBER 30, 2021

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

2. RETAIL SERVICE PROVIDERS

Based on the rate order approved September 22, 2021

WASTEWATER: \$ 30.00 Y

Commission	0.5% of actual
Regulatory	water and
Assessments	sewer bill
Water Authority	\$5.06 per
Fee	1,000 gallons

	X
Yes	No

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
SERVICES AND RATES
FOR THE YEAR ENDED NOVEMBER 30, 2021

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	<u>1</u>	<u>1</u>	x 1.0	<u>1</u>
≤¾"	<u>863</u>	<u>860</u>	x 1.0	<u>860</u>
1"	<u>65</u>	<u>65</u>	x 2.5	<u>163</u>
1½"	<u></u>	<u></u>	x 5.0	<u></u>
2"	<u>9</u>	<u>9</u>	x 8.0	<u>72</u>
3"	<u></u>	<u></u>	x 15.0	<u></u>
4"	<u></u>	<u></u>	x 25.0	<u></u>
6"	<u></u>	<u></u>	x 50.0	<u></u>
8"	<u></u>	<u></u>	x 80.0	<u></u>
10"	<u></u>	<u></u>	x 115.0	<u></u>
Total Water Connections	<u><u>938</u></u>	<u><u>935</u></u>		<u><u>1,096</u></u>
Total Wastewater Connections	<u><u>918</u></u>	<u><u>915</u></u>	x 1.0	<u><u>915</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into the system:	48,554,000	Water Accountability Ratio: 94.9 % (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	65,886,000	
Gallons purchased:	20,901,000	From: Aqua Texas

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
SERVICES AND RATES
FOR THE YEAR ENDED NOVEMBER 30, 2021

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which the District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2021

PROFESSIONAL FEES:	
Auditing	\$ 14,750
Engineering	66,097
Legal	110,408
Financial Advisor	1,050
TOTAL PROFESSIONAL FEES	<u>\$ 192,305</u>
PURCHASED WATER AND WASTEWATER SERVICES	<u>\$ 285,188</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 13,649
Operations and Billing	52,581
Solid Waste Disposal	173,289
TOTAL CONTRACTED SERVICES	<u>\$ 239,519</u>
UTILITIES	<u>\$ 52,997</u>
REPAIRS AND MAINTENANCE	<u>\$ 419,885</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 7,729
Insurance	10,601
Office Supplies and Postage	22,487
Title Fees, Consulting, and Other	9,211
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 50,028</u>
TAP CONNECTIONS	<u>\$ 101,950</u>
OTHER EXPENDITURES:	
Chemicals	\$ 10,805
Laboratory Fees	20,673
Permit Fees	1,459
Inspection and Reconnection Fees	44,845
Regulatory Assessment	3,718
Water Authority Assessments	220,352
Sludge Hauling	22,194
Operating Leases	156,363
TOTAL OTHER EXPENDITURES	<u>\$ 480,409</u>
TOTAL EXPENDITURES	<u><u>\$ 1,822,281</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
INVESTMENTS
NOVEMBER 30, 2021

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,367,787	\$
Certificate of Deposit	XXXX0781	0.30%	07/23/22	214,105	229
Certificate of Deposit	XXXX1289	0.20%	03/24/22	241,861	90
TOTAL GENERAL FUND				<u>\$ 1,823,753</u>	<u>\$ 319</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0003	Varies	Daily	<u>\$ 970,737</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 190,061</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 2,984,551</u></u>	<u><u>\$ 319</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2021

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
DECEMBER 1, 2020	\$ 701,417		\$ 1,028,058	
Adjustments to Beginning				
Balance	<u>24,846</u>	\$ 726,263	<u>38,979</u>	\$ 1,067,037
Original 2021 Tax Levy	\$ 991,000		\$ 1,081,091	
Adjustment to 2021 Tax Levy	<u>43,357</u>	<u>1,034,357</u>	<u>47,298</u>	<u>1,128,389</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,760,620		\$ 2,195,426
TAX COLLECTIONS:				
Prior Years	\$ 697,615		\$ 1,035,546	
Current Year	<u>47,636</u>	<u>745,251</u>	<u>51,966</u>	<u>1,087,512</u>
TAXES RECEIVABLE -				
NOVEMBER 30, 2021		<u>\$ 1,015,369</u>		<u>\$ 1,107,914</u>
TAXES RECEIVABLE BY				
YEAR:				
2021	\$ 986,721		\$ 1,076,423	
2020	17,019		25,529	
2019	7,615		4,673	
2018	1,493		257	
2017	1,253		516	
2016	1,253		516	
2015	7			
2014	<u>8</u>			
TOTAL	<u>\$ 1,015,369</u>		<u>\$ 1,107,914</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 38,184,553	\$ 37,978,293	\$ 31,577,402	\$ 24,901,087
Improvements	152,964,466	110,052,898	90,222,637	56,990,234
Personal Property	1,149,073	947,763	844,830	509,932
Exemptions	<u>(4,233,241)</u>	<u>(2,785,895)</u>	<u>(1,988,295)</u>	<u>(963,447)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 188,064,851</u>	<u>\$ 146,193,059</u>	<u>\$ 120,656,574</u>	<u>\$ 81,437,806</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.60	\$ 0.72	\$ 0.54	\$ 0.21
Maintenance	<u>0.55</u>	<u>0.48</u>	<u>0.88</u>	<u>1.22</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.15</u>	<u>\$ 1.20</u>	<u>\$ 1.42</u>	<u>\$ 1.43</u>
ADJUSTED TAX LEVY*	<u>\$ 2,162,746</u>	<u>\$ 1,754,318</u>	<u>\$ 1,713,323</u>	<u>\$ 1,164,561</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>4.61 %</u>	<u>97.57 %</u>	<u>99.28 %</u>	<u>99.85 %</u>

* Based upon adjusted tax at time of audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 12, 2007.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2021

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2022	\$ 150,000	\$ 167,112	\$ 317,112
2023	175,000	160,613	335,613
2024	175,000	153,612	328,612
2025	175,000	148,363	323,363
2026	200,000	144,612	344,612
2027	200,000	140,613	340,613
2028	200,000	136,487	336,487
2029	225,000	131,832	356,832
2030	225,000	126,628	351,628
2031	225,000	121,285	346,285
2032	250,000	115,487	365,487
2033	250,000	109,237	359,237
2034	275,000	102,675	377,675
2035	275,000	95,800	370,800
2036	300,000	88,425	388,425
2037	300,000	80,550	380,550
2038	325,000	72,144	397,144
2039	350,000	62,862	412,862
2040	375,000	52,425	427,425
2041	375,000	41,175	416,175
2042	375,000	29,925	404,925
2043	400,000	18,300	418,300
2044	410,000	6,150	416,150
2045			
2046			
2047			
	<u>\$ 6,210,000</u>	<u>\$ 2,306,312</u>	<u>\$ 8,516,312</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2021

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2022	\$	\$ 147,894	\$ 147,894
2023	175,000	145,269	320,269
2024	175,000	140,019	315,019
2025	175,000	135,644	310,644
2026	200,000	131,894	331,894
2027	200,000	127,894	327,894
2028	200,000	123,894	323,894
2029	225,000	119,644	344,644
2030	225,000	115,144	340,144
2031	225,000	110,644	335,644
2032	250,000	105,894	355,894
2033	250,000	100,894	350,894
2034	275,000	95,644	370,644
2035	275,000	90,144	365,144
2036	300,000	84,394	384,394
2037	300,000	78,394	378,394
2038	325,000	72,144	397,144
2039	325,000	65,441	390,441
2040	350,000	58,050	408,050
2041	375,000	49,893	424,893
2042	375,000	41,455	416,455
2043	400,000	32,737	432,737
2044	400,000	23,737	423,737
2045	425,000	14,455	439,455
2046	430,000	4,837	434,837
2047			
	<u>\$ 6,855,000</u>	<u>\$ 2,216,053</u>	<u>\$ 9,071,053</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2021

REFUNDING SERIES - 2021				
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total	
2022	\$ 140,000	\$ 94,125	\$	234,125
2023	140,000	89,925		229,925
2024	145,000	85,650		230,650
2025	145,000	81,300		226,300
2026	170,000	76,575		246,575
2027	170,000	72,325		242,325
2028	170,000	68,925		238,925
2029	195,000	65,275		260,275
2030	190,000	61,425		251,425
2031	190,000	57,625		247,625
2032	190,000	53,825		243,825
2033	210,000	49,825		259,825
2034	205,000	45,675		250,675
2035	205,000	41,575		246,575
2036	225,000	37,134		262,134
2037	225,000	32,353		257,353
2038	220,000	27,488		247,488
2039	245,000	22,256		267,256
2040	240,000	16,500		256,500
2041	260,000	10,250		270,250
2042	280,000	3,500		283,500
2043				
2044				
2045				
2046				
2047				
	<u>\$ 4,160,000</u>	<u>\$ 1,093,531</u>	<u>\$</u>	<u>5,253,531</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2021

S E R I E S - 2 0 2 1 A			
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2022	\$	\$ 97,475	\$ 97,475
2023		113,931	113,931
2024	125,000	111,119	236,119
2025	125,000	105,494	230,494
2026	130,000	99,756	229,756
2027	135,000	95,481	230,481
2028	140,000	92,731	232,731
2029	145,000	89,881	234,881
2030	145,000	86,981	231,981
2031	150,000	84,031	234,031
2032	155,000	80,788	235,788
2033	160,000	77,244	237,244
2034	165,000	73,381	238,381
2035	170,000	69,194	239,194
2036	175,000	64,772	239,772
2037	180,000	60,113	240,113
2038	185,000	55,206	240,206
2039	190,000	50,050	240,050
2040	195,000	44,756	239,756
2041	200,000	39,325	239,325
2042	205,000	33,756	238,756
2043	210,000	28,050	238,050
2044	220,000	22,138	242,138
2045	225,000	16,019	241,019
2046	230,000	9,763	239,763
2047	240,000	3,300	243,300
	<u>\$ 4,200,000</u>	<u>\$ 1,704,735</u>	<u>\$ 5,904,735</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending November 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 290,000	\$ 506,606	\$ 796,606
2023	490,000	509,738	999,738
2024	620,000	490,400	1,110,400
2025	620,000	470,801	1,090,801
2026	700,000	452,837	1,152,837
2027	705,000	436,313	1,141,313
2028	710,000	422,037	1,132,037
2029	790,000	406,632	1,196,632
2030	785,000	390,178	1,175,178
2031	790,000	373,585	1,163,585
2032	845,000	355,994	1,200,994
2033	870,000	337,200	1,207,200
2034	920,000	317,375	1,237,375
2035	925,000	296,713	1,221,713
2036	1,000,000	274,725	1,274,725
2037	1,005,000	251,410	1,256,410
2038	1,055,000	226,982	1,281,982
2039	1,110,000	200,609	1,310,609
2040	1,160,000	171,731	1,331,731
2041	1,210,000	140,643	1,350,643
2042	1,235,000	108,636	1,343,636
2043	1,010,000	79,087	1,089,087
2044	1,030,000	52,025	1,082,025
2045	650,000	30,474	680,474
2046	660,000	14,600	674,600
2047	240,000	3,300	243,300
	<u>\$ 21,425,000</u>	<u>\$ 7,320,631</u>	<u>\$ 28,745,631</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED NOVEMBER 30, 2021

Description	Original Bonds Issued	Bonds Outstanding December 1, 2020
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2016	\$ 4,300,000	\$ 4,100,000
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2019	6,335,000	6,335,000
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2020	6,855,000	6,855,000
Harris County Municipal Utility District No. 480 Unlimited Tax Refunding Bonds - Series 2021	4,160,000	
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2021A	<u>4,200,000</u>	
TOTAL	<u>\$ 25,850,000</u>	<u>\$ 17,290,000</u>

Bond Authority:	Tax Bonds (Utilities)	Park Bonds
Amount Authorized by Voters	\$ 41,100,000	\$ 5,000,000
Amount Issued	<u>21,850,000</u>	
Remaining to be Issued	<u>\$ 19,250,000</u>	<u>\$ 5,000,000</u>

See accompanying independent auditor's report.

Current Year Transactions					
	Retirements		Bonds Outstanding		
Bonds Sold	Principal	Interest	November 30, 2021		Paying Agent
					Amegy Bank, a division of ZB, N.A. Houston, TX
\$	\$ 4,100,000	\$ 66,834	\$ - 0 -		
	125,000	172,612	6,210,000		The Bank of New York Mellon Trust Company N.A. Dallas, TX
		139,267	6,855,000		The Bank of New York Mellon Trust Company N.A. Dallas, TX
4,160,000		41,163	4,160,000		The Bank of New York Mellon Trust Company N.A. Dallas, TX
4,200,000			4,200,000		The Bank of New York Mellon Trust Company N.A. Dallas, TX
\$ 8,360,000	\$ 4,225,000	\$ 419,876	\$ 21,425,000		

Debt Service Fund cash and investment balances as of November 30, 2021: \$ 1,114,100

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,105,601

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 723,423	\$ 1,103,117	\$ 1,035,074
Water Service	281,419	261,427	206,686
Wastewater Service	243,053	223,015	176,573
Water Authority Fees	325,374	289,867	202,204
Tap Connection and Inspection Fees	233,411	177,054	179,270
Investment and Miscellaneous Revenues	<u>35,163</u>	<u>39,948</u>	<u>39,565</u>
TOTAL REVENUES	<u>\$ 1,841,843</u>	<u>\$ 2,094,428</u>	<u>\$ 1,839,372</u>
EXPENDITURES			
Professional Fees	\$ 192,305	\$ 173,787	\$ 108,985
Contracted Services	239,519	194,234	155,128
Purchased Water and Wastewater Services	285,188	200,372	78,862
Utilities	52,997	38,889	37,072
Water Authority Assessments	220,352	208,822	176,614
Repairs and Maintenance	419,885	344,173	274,530
Operating Leases	156,363	261,478	295,142
Other	255,672	200,752	170,782
Capital Outlay	<u></u>	<u></u>	<u>42,872</u>
TOTAL EXPENDITURES	<u>\$ 1,822,281</u>	<u>\$ 1,622,507</u>	<u>\$ 1,339,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 19,562</u>	<u>\$ 471,921</u>	<u>\$ 499,385</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ (7,266)</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 19,562	\$ 464,655	\$ 499,385
BEGINNING FUND BALANCE	<u>1,792,265</u>	<u>1,327,610</u>	<u>828,225</u>
ENDING FUND BALANCE	<u><u>\$ 1,811,827</u></u>	<u><u>\$ 1,792,265</u></u>	<u><u>\$ 1,327,610</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues									
2018	2017	2021		2020		2019		2018		2017	
\$ 693,904	\$ 613,713	39.2	%	52.7	%	56.3	%	51.3	%	57.4	%
175,397	105,349	15.3		12.5		11.2		13.0		9.9	
140,048	89,699	13.2		10.6		9.6		10.3		8.4	
130,612	81,549	17.7		13.8		11.0		9.6		7.6	
191,134	166,014	12.7		8.5		9.7		14.1		15.5	
22,856	12,684	1.9		1.9		2.2		1.7		1.2	
<u>\$ 1,353,951</u>	<u>\$ 1,069,008</u>	<u>100.0</u>	<u>%</u>	<u>100.0</u>	<u>%</u>	<u>100.0</u>	<u>%</u>	<u>100.0</u>	<u>%</u>	<u>100.0</u>	<u>%</u>
\$ 117,800	\$ 105,535	10.4	%	8.3	%	5.9	%	8.7	%	9.9	%
116,887	89,234	13.0		9.3		8.4		8.6		8.3	
49,907		15.5		9.6		4.3		3.7			
32,631	25,016	2.9		1.9		2.0		2.4		2.3	
114,104	76,238	12.0		10.0		9.6		8.4		7.1	
228,499	160,592	22.8		16.4		14.9		16.9		15.0	
271,078	271,578	8.5		12.5		16.0		20.0		25.4	
200,121	140,055	13.9		9.6		9.3		14.8		13.1	
97,450						2.3		7.2			
<u>\$ 1,228,477</u>	<u>\$ 868,248</u>	<u>99.0</u>	<u>%</u>	<u>77.6</u>	<u>%</u>	<u>72.7</u>	<u>%</u>	<u>90.7</u>	<u>%</u>	<u>81.1</u>	<u>%</u>
<u>\$ 125,474</u>	<u>\$ 200,760</u>	<u>1.0</u>	<u>%</u>	<u>22.4</u>	<u>%</u>	<u>27.3</u>	<u>%</u>	<u>9.3</u>	<u>%</u>	<u>18.9</u>	<u>%</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>										
\$ 125,474	\$ 200,760										
702,751	501,991										
<u>\$ 828,225</u>	<u>\$ 702,751</u>										

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,074,256	\$ 675,215	\$ 176,873
Penalty and Interest	30,301	24,039	25,247
Investment and Miscellaneous Revenues	<u>4,617</u>	<u>4,599</u>	<u>4,845</u>
TOTAL REVENUES	<u>\$ 1,109,174</u>	<u>\$ 703,853</u>	<u>\$ 206,965</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 56,109	\$ 40,802	\$ 29,516
Debt Service Principal	225,000	100,000	100,000
Debt Service Interest and Fees	422,126	286,010	137,268
Bond Issuance Costs	179,841		
Payment to Refunded Bond Escrow Agent	<u>5,000</u>		
TOTAL EXPENDITURES	<u>\$ 888,076</u>	<u>\$ 426,812</u>	<u>\$ 266,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 221,098</u>	<u>\$ 277,041</u>	<u>\$ (59,819)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Refunding Bonds	\$ 4,160,000	\$	\$
Transfer to Refunded Bond Escrow Agent	(4,004,495)		
Bond Discount	(45,602)		
Bond Premium	<u>69,948</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 179,851</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 400,949	\$ 277,041	\$ (59,819)
BEGINNING FUND BALANCE	<u>619,033</u>	<u>341,992</u>	<u>401,811</u>
ENDING FUND BALANCE	<u><u>\$ 1,019,982</u></u>	<u><u>\$ 619,033</u></u>	<u><u>\$ 341,992</u></u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>935</u>	<u>803</u>	<u>660</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>915</u>	<u>787</u>	<u>645</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2018	2017	2021	2020	2019	2018	2017		
\$ 285,725	\$ 253,782	96.9 %	95.9 %	85.5 %	97.7 %	95.2 %		
5,641	12,197	2.7	3.4	12.2	1.9	4.6		
1,075	592	0.4	0.7	2.3	0.4	0.2		
<u>\$ 292,441</u>	<u>\$ 266,571</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 20,043	\$ 22,562	5.1 %	5.8 %	14.3 %	6.9 %	8.5 %		
		20.3	14.2	48.3				
138,269	128,334	38.1	40.6	66.3	47.3	48.1		
		16.2						
		0.5						
<u>\$ 158,312</u>	<u>\$ 150,896</u>	<u>80.2 %</u>	<u>60.6 %</u>	<u>128.9 %</u>	<u>54.2 %</u>	<u>56.6 %</u>		
<u>\$ 134,129</u>	<u>\$ 115,675</u>	<u>19.8 %</u>	<u>39.4 %</u>	<u>(28.9) %</u>	<u>45.8 %</u>	<u>43.4 %</u>		
\$	\$							
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>							
\$ 134,129	\$ 115,675							
267,682	152,007							
<u>\$ 401,811</u>	<u>\$ 267,682</u>							
<u>556</u>	<u>344</u>							
<u>542</u>	<u>276</u>							

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended November 30, 2021</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	02/28/07	\$ 130,183 \$ 170,291	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/29/08	\$ 14,750 \$ 15,750	Auditor Bond Related
Myrtle Cruz, Inc.	04/12/07	\$ 21,313	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/08/08	\$ 22,043	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	04/12/07	\$ 103,647	Engineer
The GMS Group, LLC	05/23/07	\$ 130,430	Financial Advisor
Mary Jarmon	02/26/14	\$ -0-	Investment Officer
Water District Management	04/12/07	\$ 493,558	Operator
Assessments of the Southwest	04/12/07	\$ 14,286	Tax Assessor/ Collector

See accompanying independent auditor's 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)

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