OFFICIAL STATEMENT DATED MAY 17, 2023

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; 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 District has designated the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Rating: S&P Global Ratings (BAM Insured) …. "AA" (stable outlook)
See "BOND INSURANCE" and "RATING" herein

$2,320,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
(A Political Subdivision of the State of Texas, located within Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2023

Dated: Date of Delivery
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside cover

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the date of initial delivery (expected June 20, 2023) (the "Date of Delivery"), and is payable on March 1, 2024, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only. The outstanding amounts of the Bonds, including the Term Bonds, maturing on and after September 1, 2032, are subject to redemption, in whole or in part, prior to their scheduled maturities on September 1, 2028, or on any date thereafter, at the option of Harris County Municipal Utility District No. 551 (the "District"). Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption, plus accrued interest to the date of redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and the issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District authorized a total of $55,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System. Following the issuance of the Bonds, $42,145,000 principal amount of unlimited tax bonds for the acquisition or construction of the System will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

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" or the "Insurer").

BAM

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." Neither the State of Texas, Harris County, Texas, the City of Houston, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, the City of Houston, Texas, nor any political subdivision other than the District is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form is expected through DTC on or about June 20, 2023.

MATURITY SCHEDULE

CUSIP Prefix (a): 41422X

$85,000 Serial Bonds

Maturity (Due September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2024	$5,000	6.75%	3.60%	DP3
2025	25,000	6.75	3.45	DQ1
2026	25,000	6.75	3.35	DR9
2027	30,000	6.75	3.35	DS7

$160,000 Term Bonds, Due September 1, 2032(c)(d), CUSIP Suffix DX6 (a), Interest Rate 6.75% (Yield 3.30%)(b)
$115,000 Term Bonds, Due September 1, 2035(c)(d), CUSIP Suffix EA5 (a), Interest Rate 6.50% (Yield 3.35%)(b)
$120,000 Term Bonds, Due September 1, 2038(c)(d), CUSIP Suffix ED9 (a), Interest Rate 6.25% (Yield 3.45%)(b)
$220,000 Term Bonds, Due September 1, 2043(c)(d), CUSIP Suffix EJ6 (a), Interest Rate 5.00% (Yield 4.00%)(b)
$240,000 Term Bonds, Due September 1, 2048(c)(d), CUSIP Suffix EP2 (a), Interest Rate 4.25% (Yield 4.323%)(b)
$1,380,000 Term Bonds, Due September 1, 2052(c)(d), CUSIP Suffix ET4 (a), Interest Rate 4.25% (Yield 4.35%)(b)

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.

(c) Subject to optional redemption as described on the front cover.

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

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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 does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

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

Neither the District nor the Underwriter make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Build America Mutual Assurance Company ("BAM" or the "Insurer") 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 C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" on the inside cover page hereof at a price of 97.000345% of the principal amount thereof, which resulted in a net effective interest rate of 4.621910%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Marketability

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

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 price, 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 PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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 acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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 exhibit 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 March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6million, $196.7 million and $279.9 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.

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 Policy for such payments.

In the event the Insurer is unable to make payment of principal and interest on the Bonds 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 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 Insurer and its claim paying ability. The 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 Insurer and of the ratings on the Bonds insured by the 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 “BOND INSURANCE” and “RATINGS” herein.

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

Neither the District nor to the knowledge of the District the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATING

The Bonds have received an insured rating of “AA” (stable outlook) from S&P based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The District has made no application for an underlying municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such an application been made.

An explanation of the significance of the foregoing rating may only be obtained from S&P. The foregoing rating expresses only the view of S&P at the time the rating is given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned the Bonds other than the rating of S&P. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Harris County Municipal Utility District No. 551 (the "District") is a political subdivision of the State of Texas located within Harris County, Texas. See "THE DISTRICT - General."
Description	The $2,320,000 Unlimited Tax Bonds, Series 2023 (the "Bonds") are dated and interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover hereof, with interest payable on March 1, 2024, and on each September 1 and March 1 thereafter (each, an "Interest Payment Date") until maturity or prior redemption. $85,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2024 through 2027, both inclusive, in the respective principal amounts set forth on the inside cover page of this Official Statement. $2,235,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2032, 2035, 2038, 2043, 2048 and 2052, in the respective principal amounts set forth on the inside cover page of this Official Statement (collectively, the "Term Bonds"). The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The outstanding amounts of the Bonds, including the Term Bonds, scheduled to mature on and after September 1, 2032, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2028, or on any date thereafter at the option of the District. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption "THE BONDS - Redemption Provisions." Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date fixed for redemption. See "THE BONDS."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), 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 (as defined herein) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) 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 "THE BONDS - Book-Entry-Only System").
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS - Source of Payment," "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates," and "TAX DATA - Tax Rate Calculations."

Use of Proceeds	Proceeds from the sale of the Bonds will be used by the District to reimburse a developer of the District and to finance improvements and related costs shown herein under "THE BONDS - Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will be used to pay interest to such developer and other certain costs associated with the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."
Authority for Issuance...	At an election held within the District on November 7, 2017, voters of the District authorized a total of $55,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities (the "System"). The Bonds constitute the fourth issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order (defined herein); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the TCEQ.
Payment Record	The Bonds constitute the fourth series of unlimited tax bonds to be issued by the District for the purpose of acquiring and constructing the System. The District has previously issued its Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds") and Unlimited Tax Bonds, Series 2021A (the "Series 2021A Bonds") to finance the acquisition or construction of components of the System. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the "Prior Bonds." The District has never defaulted in the timely payment of principal of and interest on the Prior Bonds. As of the date of issuance of the Bonds, the aggregate principal amount of the Prior Bonds, which will not have been defeased or otherwise paid by the District, will be $10,340,000 (the "Outstanding Bonds"), and the aggregate principal amount of the District's total direct bonded indebtedness, including the Bonds, will be $12,660,000. See "DISTRICT DEBT - Debt Service Requirement Schedule." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM - Description," and "INVESTMENT CONSIDERATIONS - Future Debt."
Authorized But Unissued Bonds	$42,145,000 for waterworks, wastewater, and drainage facilities (after issuance of the Bonds) and $82,500,000 for refunding such bonds. See "THE BONDS - Issuance of Additional Debt." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future.
Municipal Bond Insurance......................................	Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."
Municipal Bond Rating...	S&P Global Ratings (BAM Insured) "AA" (stable outlook). The District has made no application for an underlying municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such an application been made. See "BOND INSURANCE" and "RATING."

Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Qualified Tax-Exempt Obligations	In the Bond Order, the District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, created by Order of the TCEQ on August 9, 2017. At the time of creation, the District contained approximately 44.6 acres of land. The District annexed 1.00 acre and 33.44 acres of land by orders dated October 23, 2018. The District currently contains approximately 79.04 acres of land. The District is located entirely within Harris County, Texas, within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”), and within the Klein Independent School District. The District is located in northeast Harris County, approximately 35 miles northwest of downtown Houston, north of FM 1960 and southwest of the Stuebner-Airline Road and Mittlestedt Road intersection. See “THE DISTRICT - General” and - “Description,” and “APPENDIX A - LOCATION MAP.”
Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - General.”
Development of the District	As of April 1, 2023, the District contained 423 fully developed single-family residential lots on which 423 homes have been constructed, all of which have been sold to homeowners. According to the District’s Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve the entirety of the developable land located within the District, consisting of 423 single-family residential lots located in Retreat at Champions Landing, Sections 1 through 4 (approximately 65.1 total acres) as is delineated in the chart that appears in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT.” The remaining approximately 13.9 acres of land located within the District is comprised of streets, drainage easements and open space, or lands that are otherwise not available for future development.
Infectious Disease Outbreak (COVID-19)	The purchase and ownership of the Bonds is subject to certain investment considerations, including certain factors related to the current COVID-19 pandemic. See “INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19).”

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION
(Unaudited)

2022 Assessed Valuation (As of January 1, 2022) See "TAX DATA" and "TAXING PROCEDURES"	$	102,329,005	(a)
Estimated Valuation at May 1, 2023 See "TAX DATA" and "TAXING PROCEDURES"	$	113,997,893	(b)
Direct Debt:			
Outstanding Bonds	$	10,340,000	
The Bonds		2,320,000	
Total	$	12,660,000	(c)
Estimated Overlapping Debt	$	4,773,568	
Total Direct and Estimated Overlapping Debt	$	17,433,568	(c)
Direct Debt Ratio			
: as a percentage of 2022 Assessed Valuation		12.37	%
: as a percentage of Estimated Valuation at May 1, 2023		11.11	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2022 Assessed Valuation		17.04	%
: as a percentage of Estimated Valuation at May 1, 2023		15.29	%
Debt Service Fund Balance as of March 15, 2023	$	871,919	(d)
General Fund Balance as of March 15, 2023	$	1,376,258	
2022 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.67	
Maintenance Tax		0.61	
Total	$	1.28	(e)
Average Percentage of Total Tax Collections (2018-2021) as of February 28, 2023		99.34	%
Percentage of Tax Collections (2022) as of February 28, 2023		97.05	%
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2024-2052)	$	666,782	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2052)	$	677,625	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2024-2052) at 95% Tax Collections			
Based Upon 2022 Assessed Valuation	$	0.69	(e)
Based Upon Estimated Valuation at May 1, 2023	$	0.62	(e)

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2052) at 95% Tax Collections		
Based Upon 2022 Assessed Valuation	$	0.70 (e)
Based Upon Estimated Valuation at May 1, 2023	$	0.63 (e)
Number of Single-Family Residences as of April 1, 2023		423

(a) As of January 1, 2022, and comprises the District's 2022 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of May 1, 2023, and includes estimates of value resulting from the development and construction of taxable improvements from January 1, 2022, through April 30, 2023. The valuation of such additional improvements constructed from January 1, 2022, through December 31, 2022, which will be included in the District's 2023 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2023. Moreover, the valuation of such additional improvements constructed from January 1, 2023, through April 30, 2023, which will be included in the District's 2024 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2024.

(c) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2023. The District's remaining debt service requirements for 2023, which are due on September 1, 2023, total $382,953. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on March 1, 2024.

(e) The District levied a total tax rate of $1.28 per $100 of Assessed Valuation for 2022, consisting of debt service and maintenance tax components of $0.67 and $0.61 per $100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2022 tax rate, is $3.282616 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
UNLIMITED TAX BONDS
SERIES 2023

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 551 (the "District") of its $2,320,000 Unlimited Tax Bonds, Series 2023 (the "Bonds").

There follow in this Official Statement descriptions of the Bonds, and certain information about the District and its finances. 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 the District upon request and payment of the costs of duplication thereof.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order (the "Bond Order") of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon written request made to the District's Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated and interest accrues from the date of initial delivery (the "Date of Delivery"), at the rates shown on the inside cover page hereof, and is payable on March 1, 2024, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. $85,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2024 through 2027, both inclusive, in the respective principal amounts set forth on the inside cover page of this Official Statement. $2,235,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2032, 2035, 2038, 2043, 2048 and 2052, in the respective principal amounts set forth on the inside cover page of this Official Statement (collectively, the "Term Bonds"). The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, (the "Paying Agent," "Registrar" or "Paying Agent/Registrar").

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, 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 Bonds), or redemption or other notices, to the Beneficial Owners (as defined below), 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 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, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount 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 certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is 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 Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

Use of Certain Terms in Other Sections of this Official Statement

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

Assignments, Transfers and Exchanges

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser (the "Initial Delivery"), any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

Optional Redemption

The outstanding amounts of the Bonds, including the Term Bonds, maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner(s) of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such method of random selection as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Term Bonds that mature on September 1 in the years 2032, 2035, 2038, 2043, 2048 and 2052, are also subject to mandatory sinking fund redemption by the District by lot or by other customary method of random selection prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

$160,000 Term Bonds Maturing on September 1, 2032

Mandatory Redemption Dates	Principal Amount
September 1, 2028	$30,000
September 1, 2029	30,000
September 1, 2030	30,000
September 1, 2031	35,000
September 1, 2032 (maturity)	35,000

$115,000 Term Bonds Maturing on September 1, 2035

Mandatory Redemption Dates	Principal Amount
September 1, 2033	$35,000
September 1, 2034	40,000
September 1, 2035 (maturity)	40,000

$120,000 Term Bonds Maturing on September 1, 2038

Mandatory Redemption Dates	Principal Amount
September 1, 2036	$40,000
September 1, 2037	40,000
September 1, 2038 (maturity)	40,000

$220,000 Term Bonds Maturing on September 1, 2043

Mandatory Redemption Dates	Principal Amount
September 1, 2039	$45,000
September 1, 2040	40,000
September 1, 2041	45,000
September 1, 2042	45,000
September 1, 2043 (maturity)	45,000

$240,000 Term Bonds Maturing on September 1, 2048

Mandatory Redemption Dates	Principal Amount
September 1, 2044	$45,000
September 1, 2045	45,000
September 1, 2046	50,000
September 1, 2047	50,000
September 1, 2048 (maturity)	50,000

$1,380,000 Term Bonds Maturing on September 1, 2052

Mandatory Redemption Dates	Principal Amount
September 1, 2049	$55,000
September 1, 2050	60,000
September 1, 2051	615,000
September 1, 2052 (maturity)	650,000

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

Replacement of Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

At an election held within the District on November 7, 2017, voters of the District authorized a total of $55,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System"). The Bonds constitute the fourth issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

Source of Payment

The Outstanding Bonds (hereinafter defined) and the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collection, and Paying Agent/Registrar fees. Such proceeds, after deduction for collection costs, will be placed in the District's Debt Service Fund and used solely to pay principal of and interest on the Outstanding Bonds and the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Paying Agent/Registrar 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.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (other than refunding bonds), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $55,000,000 unlimited tax bonds for construction of the System, and could authorize additional amounts. Following the issuance of the Bonds, $42,145,000 unlimited tax bonds will remain authorized but unissued for construction of the System, and $82,500,000 will remain authorized but unissued for refunding such bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "Use and Distribution of Bond Proceeds" below, "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates, in the opinion of the District's consulting engineer, Quiddity Engineering, LLC (the "Engineer"), the $42,145,000 authorized but unissued bonds for water, wastewater and drainage facilities will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuance 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) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters of the District; (c) approval of the park plan and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

No Arbitrage

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

Annexation and Consolidation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the "City"), the District must conform to a City consent ordinance. Generally, the District may be annexed by the City 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. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement" below.

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

Strategic Partnership Agreement

The District is authorized to enter into a strategic partnership agreement with the City to provide the terms and conditions under which the service would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District. Although the City has negotiated and entered into such an agreement with other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District. No representation can be made regarding the future likelihood of an agreement or the terms thereof.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Order provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Order, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. 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. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below.

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. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901 946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that 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.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

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 districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, 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 non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used by the District to reimburse a developer of the District and to finance improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay interest to such developer and other certain costs associated with the issuance of the Bonds.

				District's Share
I.	**Construction Costs**			
	A.	Developer Contribution Items [a]		
		1.	Retreat at Champions Landing, Section 3	$711,329
		2.	Retreat at Champions Landing, Section 4	469,020
		3.	Engineering and Testing	260,858
		4.	Storm Water Pollution Prevention Planning	70,988
			Total Developer Contribution Items	$1,512,195
	B.	District Items		
		1.	Water Interconnect Backflow Preventors	$60,000
		2.	Water Plant No. 1 Expansion Phase 1	154,872
		3.	Contingencies	25,950
		4.	Engineering	21,107
			Total District Items	$261,929
		TOTAL CONSTRUCTION COSTS		$1,774,124
II.	**Non-Construction Costs**			
		1.	Legal Fees	$69,600
		2.	Fiscal Agent Fees	46,400
		3.	Developer Interest [b]	254,151
		4.	Bond Discount	69,592
		5.	Bond Issuance Expenses	47,005
		6.	Bond Application Report Costs	51,000
		7.	Attorney General's Fee	2,320
		8.	TCEQ Bond Issuance Fee	5,800
		9.	Contingencies [c]	8
		TOTAL NON-CONSTRUCTION COSTS		$545,876
		TOTAL BOND ISSUE REQUIREMENT		**$2,320,000**

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed to a developer of land in the District on advances it has made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which such developer has borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of the Bonds at a lower amount than proposed shall be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the developer and the District for the costs of the above described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by Order of the TCEQ on August 9, 2017. The District operates pursuant to Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water and the provision of parks and recreational facilities. The District is also empowered to construct, acquire, improve, maintain, or operate roads and improvements in aid thereof. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City for creation of the District, within whose extraterritorial jurisdiction the District lies, the District has agreed to observe certain City requirements. These requirements, among others, limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, recreational facilities and roads, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of District construction plans.

Description

At the time of creation, the District contained approximately 44.6 acres of land. The District annexed 1.00 acre and 33.44 acres of land by orders dated October 23, 2018. The District currently contains approximately 79.04 acres of land. The District is located entirely within Harris County, Texas, within the extraterritorial jurisdiction of the City and within the Klein Independent School District. The District is located in northeast Harris County, approximately 35 miles northwest of downtown Houston, north of FM 1960 and southwest of the Stuebner-Airline Road and Mittlestedt Road intersection. See “APPENDIX A - LOCATION MAP.”

Management of the District

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

Name	Position	Term Expires in May
Brian Seiler	President	2026
Spence Bridges	Vice President	2026
Eric Djuvik	Secretary	2024
Tim Early	Assistant Secretary	2026
Doug Sellers	Assistant Secretary	2024

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Utility Tax Service, LLC, as the District's Tax Assessor/Collector. According to Utility Tax Service, LLC, it presently serves approximately 100 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has engaged the firm of Quiddity Engineering, LLC, Houston, Texas, as consulting engineer to the District.

Bookkeeper - The District has engaged L&S District Services, LLC as the District's Bookkeeper. According to L&S District Services, LLC, it currently serves approximately 15 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the 2022 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audit for the fiscal year ended August 31, 2022, is included as "APPENDIX B" to this Official Statement.

Bond Counsel and General Counsel - Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is 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. In addition, Sanford Kuhl Hagan Kugle Parker Kahn LLP serves as general counsel to the District on matters other than the issuance of bonds.

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

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/companysearch.html.

DEVELOPMENT OF THE DISTRICT

As of April 1, 2023, the District contained 423 fully developed single-family residential lots on which 423 homes have been constructed, all of which have been sold to homeowners. According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve the entirety of the developable land located within the District, consisting of 423 single-family residential lots located in Retreat at Champions Landing, Sections 1 through 4 (approximately 65.1 total acres) as is delineated in the chart that appears below.

The remaining approximately 13.9 acres of land located within the District is comprised of streets, drainage easements and open space, or are otherwise not available for future development.

As of April 1, 2023, the status of lot development and home construction in the District was as follows:

	LOTS				HOMES				
	Fully		Under		Under Construction		Completed		
Subdivision	Developed	Acres	Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Retreat at Champions Landing									
Section 1	118	18.13			0	0	118	0	118
Section 2	128	18.57			0	0	128	0	128
Section 3	87	15.63			0	0	87	0	87
Section 4	90	12.80			0	0	90	0	90
TOTALS	423	65.13	0	0	0	0	423	0	423

THE SYSTEM

Regulation

According to the Engineer, the District's water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Harris County and the City also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") for the District is 423 with a total estimated population of 1,058 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The District will finance certain costs of the construction or acquisition of components of the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities, and other facilities that have been constructed to serve the land within the District with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "THE BONDS - Use and Distribution of Bond Proceeds." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The District has entered into an agreement with Heatherloch Municipal Utility District ("Heatherloch MUD") (the "Amended and Restated Agreement Regarding Water and Wastewater Facilities" or the "Agreement") relating to the financing, construction and operation of the water supply facilities that serve, or will serve, land within the District and Heatherloch MUD. Heatherloch MUD's water supply facilities include a 1,000 gallons per minute ("g.p.m.") well, 50,000 gallon pressure tank, 1,027,000 gallons of ground storage and booster pumps totaling 4,200 g.p.m. Pursuant to the Agreement, the District's share in such facilities is sufficient to serve 423 ESFCs. The District is financing Water Plant No. 1 Expansion Phase I with a portion of the proceeds of the sale of the Bonds.

Subsidence and Conversion to Surface Water Supply

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 is subject to an annual permit issued by the Subsidence District. 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. The Texas legislature created the North Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water Harris County. The Authority has entered into a Water Supply Contract with the City to obtain treated surface water from the City. 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 is included within 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 imposed on the District for groundwater pumped by the District), user fees, rates, charges and special assessments 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, \$4.10 per 1,000 gallons based on the amount of groundwater pumped. The Authority has to date issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2030 to finance the Authority's project costs. The District has the option to pay its pro rata portion of any Authority financing to the Authority in cash and receive a credit from the Authority on its pumpage fee attributable to such payment, or to not make such capital contribution and pay the pumpage fee and receive no such credit.

Under the Subsidence District regulations and the GRP, the Authority was required to limit groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP by January 2010. Additionally, the Subsidence District requires that the Authority limit groundwater withdrawals to no more than 40% of the total water demand within the Authority's GRP beginning in 2025; and limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning in 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a \$10.78 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within 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 seek 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.

Wastewater Treatment

Wastewater treatment for the District is provided by Heatherloch MUD per the Agreement. Heatherloch MUD owns 700,000 gallons per day ("gpd") of capacity in a 1.3 million gpd plant within Harris County Water Control and Improvement District No. 116. Pursuant to the Agreement, the District has reserved capacity of 423 ESFCs.

Storm Drainage

According to the District's Engineer, underground storm drainage in the District is collected through an underground storm system and conveyed to the detention basin within the District boundary.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100 year flood plain have flooded multiple times in the last several years. See "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

According to the District's Engineer, based on FIRM map No. 48201C0435M, none of the developable land located within the District is within the 100-year floodplain.

The National Weather Service has 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.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken April 2023)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2023)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2023)






DISTRICT DEBT

Debt Service Requirement Schedule

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

Year Ending December 31	Current Total Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest	New Total Debt Service
2023	$535,905			$535,905
2024	537,024	$5,000	$133,326	675,349
2025	532,741	25,000	111,025	668,766
2026	533,164	25,000	109,338	667,501
2027	533,170	30,000	107,650	670,820
2028	532,750	30,000*	105,625	668,375
2029	532,700	30,000*	103,600	666,300
2030	533,665	30,000*	101,575	665,240
2031	530,635	35,000*	99,550	665,185
2032	532,425	35,000*	97,188	664,613
2033	533,825	35,000*	94,825	663,650
2034	534,875	40,000*	92,550	667,425
2035	535,625	40,000*	89,950	665,575
2036	536,125	40,000*	87,350	663,475
2037	541,255	40,000*	84,850	666,105
2038	540,918	40,000*	82,350	663,268
2039	540,198	45,000*	79,850	665,048
2040	544,078	40,000*	77,600	661,678
2041	542,470	45,000*	75,600	663,070
2042	545,500	45,000*	73,350	663,850
2043	548,110	45,000*	71,100	664,210
2044	550,280	45,000*	68,850	664,130
2045	551,830	45,000*	66,938	663,768
2046	552,930	50,000*	65,025	667,955
2047	553,580	50,000*	62,900	666,480
2048	555,088	50,000*	60,775	665,863
2049	556,061	55,000*	58,650	669,711
2050	556,581	60,000*	56,313	672,894
2051		615,000*	53,763	668,763
2052		650,000*	27,625	677,625
	$15,153,508	$2,320,000	$2,399,091	$19,872,597

Average Annual Requirements: (2024-2052) $666,782
Maximum Annual Requirement: (2052) $677,625

* Represents mandatory sinking fund payments on Term Bonds.

Bonded Indebtedness

2022 Assessed Valuation (As of January 1, 2022) See "TAX DATA" and "TAXING PROCEDURES"	$	102,329,005	(a)
Estimated Valuation at May 1, 2023 See "TAX DATA" and "TAXING PROCEDURES"	$	113,997,893	(b)
District Debt			
Outstanding Bonds	$	10,340,000	
The Bonds		2,320,000	
Total	$	12,660,000	(c)
Estimated Overlapping Debt	$	4,773,568	
Total Direct and Estimated Overlapping Debt	$	17,433,568	(c)
Direct Debt Ratio			
: as a percentage of 2022 Assessed Valuation		12.37	%
: as a percentage of Estimated Valuation at May 1, 2023		11.11	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2022 Assessed Valuation		17.04	%
: as a percentage of Estimated Valuation at May 1, 2023		15.29	%
Debt Service Fund Balance as of March 15, 2023	$	871,919	(d)
General Fund Balance as of March 15, 2023	$	1,376,258	
2022 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.67	
Maintenance Tax		0.61	
Total	$	1.28	(e)
Average Percentage of Total Tax Collections (2018-2021) as of February 28, 2023		99.34	%
Percentage of Tax Collections (2022) as of February 28, 2023		97.05	%

(a) As of January 1, 2022, and comprises the District's 2022 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of May 1, 2023, and includes estimates of value resulting from the development and construction of taxable improvements from January 1, 2022, through April 30, 2023. The valuation of such additional improvements constructed from January 1, 2022, through December 31, 2022, which will be included in the District's 2023 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2023. Moreover, the valuation of such additional improvements constructed from January 1, 2023, through April 30, 2023, which will be included in the District's 2024 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2024.

(c) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE

BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2023. The District's remaining debt service requirements for 2023, which are due on September 1, 2023, total $382,953. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on March 1, 2024.

(e) The District levied a total tax rate of $1.28 per $100 of Assessed Valuation for 2022, consisting of debt service and maintenance tax components of $0.67 and $0.61 per $100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2022 tax rate, is $3.282616 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Debt as of March 1, 2023	Estimated Overlapping Percent	Estimated Overlapping Amount
Harris County [i]	$1,770,442,125	0.01746%	$309,171
Harris County Department of Education	20,185,000	0.01746%	3,525
Harris County Flood Control District	797,615,000	0.01746%	139,287
Harris County Hospital District	70,970,000	0.01746%	12,393
Port of Houston Authority	445,749,397	0.01746%	77,841
Klein Independent School District	1,119,885,000	0.35856%	4,015,430
Lone Star College System	602,965,000	0.03581%	215,921
Total Estimated Overlapping Debt			$4,773,568
Total Direct Debt (the Bonds and the Outstanding Bonds)			12,660,000
Total Direct and Estimated Overlapping Debt			$17,433,568

[i] Harris County Toll Road Bonds are considered to be self-supporting, and are not included in this schedule.

Debt Ratios

	% of 2022 Assessed Valuation	% of Estimated Valuation at March 1, 2023
Direct Debt	12.37%	11.11%
Direct and Estimated Overlapping Debt	17.04%	15.29%

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds that may be issued by the District from time to time. The Board of Directors of the District has in its Bond Order covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The actual rate of such tax is determined annually as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax of $0.67 per $100 of Assessed Valuation for 2022.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On November 7, 2017, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of $0.61 per $100 of Assessed Valuation for 2022.

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

				% Collections	
Tax Year	Assessed Valuation	Tax Rate[a]	Adjusted Levy	Current & Prior Years[b]	Year Ended 09/30
2018	$6,238,362	$1.50[c]	$93,575	99.43%	2019
2019	27,570,153	1.50[c]	413,552	99.18	2020
2020	48,921,946	1.40	684,907	99.54	2021
2021	79,677,439	1.40	1,115,484	99.22	2022
2022	102,329,005	1.28	1,309,811	97.05[d]	2023

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through February 28, 2023. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
(c) Maintenance tax only.
(d) As of February 28, 2023. In the process of collection.

Tax Rate Distribution

	2022	2021	2020	2019	2018
Debt Service	$0.67	$0.75	$0.42	$0.00	$0.00
Maintenance and Operation	0.61	0.65	0.98	1.50	1.50
Total	$1.28	$1.40	$1.40	$1.50	$1.50

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

Type of Property	2022 Assessed Value	%	2021 Assessed Value	%	2020 Assessed Value	%
Land	$18,242,950	17.83%	$14,672,644	18.42%	$11,405,487	23.31%
Improvements	84,514,293	82.59	65,760,348	82.53	37,346,394	76.34
Personal Property	1,617,361	1.58	923,657	1.16	772,383	1.58
Exemptions	(2,045,599)	(2.00)	(1,679,210)	(2.11)	(602,318)	(1.23)
Total	$102,329,005	100.00%	$79,677,439	100.00%	$48,921,946	100.00%

Type of Property	2019 Assessed Value	%	2018 Assessed Value	%
Land	$8,667,174	31.44%	$5,282,196	84.67%
Improvements	18,471,000	67.00	864,050	13.85
Personal Property	516,134	1.87	92,116	1.48
Exemptions	(84,155)	(0.31)	0	0.00
Total	$27,570,153	100.00%	$6,238,362	100.00%

Tax Exemption

Certain property in the District may be exempt from taxation. See “TAXING PROCEDURES.” The District does not exempt any percentage of the market value of any residential homesteads from taxation.

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 Property Tax Code.

Principal 2022 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2022. The information reflects the composition of the Appraisal District's record of property ownership on the District's 2022 tax roll.

Taxpayer	Type of Property	Assessed Valuation 2022 Tax Roll	% of 2022 Tax Roll
Pulte Homes of Texas, L.P.	Land and Improvements	$2,387,406	2.33%
Property Owner	Land and Improvements	1,045,691	1.02%
Progress Residential Borrower 13, LLC	Land and Improvements	520,369	0.51%
CPI/Amherst SFR Program II Owner, LLC	Land and Improvements	471,000	0.46%
Solum Holdings, LLC	Land and Improvements	461,553	0.45%
Property Owner	Land and Improvements	453,834	0.44%
Property Owner	Land and Improvements	450,538	0.44%
Houston Pipe Line Company LP	Personal Property	398,181	0.39%
Centerpoint Energy Houston Electric	Personal Property	360,170	0.35%
Property Owner	Land and Improvements	320,937	0.31%
		$6,869,679	6.71%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2022 Assessed Valuation or the Estimated Valuation at May 1, 2023. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2024-2052)	$666,782
Tax Rate of $0.69 on the 2022 Assessed Valuation ($102,329,005) produces	$670,767
Tax Rate of $0.62 on the Estimated Valuation at May 1, 2023 ($113,997,893) produces	$671,448
Maximum Annual Debt Service Requirement (2052)	$677,625
Tax Rate of $0.70 on the 2022 Assessed Valuation ($102,329,005) produces	$680,488
Tax Rate of $0.63 on the Estimated Valuation at May 1, 2023 ($113,997,893) produces	$682,277

The District levied a debt service tax in 2022 of $0.67 per $100 of Assessed Valuation and a maintenance tax of $0.61 per $100 of Assessed Valuation. Therefore, the District's combined total tax for 2022 is $1.28 per $100 of Assessed Valuation. As the above table indicates, the 2022 debt service rate will be sufficient to pay debt service on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at May 1, 2023, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. In addition, as is stated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.34% of its tax levies for the period 2018 through 2021, as of February 28, 2023, and its 2022 tax levy was 97.05% collected as of such date. Moreover, the District's Debt Service Fund balance was $871,919 as of March 15, 2023. Neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time. See "TAXING PROCEDURES." The District may apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. Therefore, the District anticipates that it will be able to meet the debt service requirements of the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2022 - $0.67 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM," "INVESTMENT CONSIDERATIONS - Future Debt," - "Factors Affecting Taxable Values and Tax Payments," and "TAXING PROCEDURES."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2022 taxes levied upon property located within the District plus the District's 2022 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT- Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

HARRIS COUNTY OVERLAPPING TAX RATES

Taxing Jurisdiction	2022 Tax Rate Per $100 of A.V.
The District*	$1.280000
Harris County	0.343730
Harris County Department of Education	0.004900
Harris County Flood Control District	0.030550
Harris County Hospital District	0.148310
Port of Houston Authority	0.007990
Klein Independent School District	1.230000
Lone Star College System	0.107800
Harris County Emergency Service District No. 11	0.029336
Harris County Emergency Service District No. 29	0.100000
Total Tax Rate	$3.282616

* The District levied a total tax of $1.28 per $100 of Assessed Valuation for 2022, consisting of debt service and maintenance taxes of $0.67 and $0.61 per $100 of Assessed Valuation, respectively.

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 sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, see "INVESTMENT CONSIDERATIONS - Future Debt," and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board is also authorized to levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title I 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 an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing 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 will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

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; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. 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. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. 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 to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, 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 which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less 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 which 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 or the City on may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City (after annexation of the District), Harris County, or 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 District has adopted guidelines and criteria for establishing a tax abatement. 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 agreement. Each taxing jurisdiction 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. An appraisal roll is prepared, taxpayer protests are heard by the Appraisal Review Board, and the appraisal roll is certified by the Chief Appraiser. Then 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.

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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. 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 appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. If a landowner of qualified open-space land is a member of the U.S. armed forces, subject to certain conditions, the appraisal of the land as qualified open-space land does not change while the landowner is deployed or stationed outside Texas. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to 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 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 reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone-, or county wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the 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 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 six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional 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 one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which 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) sixty five (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 continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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. See “SELECTED FINANCIAL INFORMATION” for a description of the District’s current total tax rate.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than1.08 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 than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year’s debt service and contract tax rate plus 1.035 times the previous year’s operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a 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

The District has made a determination of its status as a Developing District for the 2022 tax year. 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.

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 Tax Code.

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 each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by 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. 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 (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

Tax Payment After Disaster

Section 11.35 of the Property Tax Code authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – 15% (minimal damage), Level II – 30% (nonstructural damage), Level III – 60% (significant structural damage), or Level IV – 100% (total loss). For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

Tax Exemption Provided to Lessees of Public Facility Corporations

Chapter 303 of the Texas Local Government Code (the "PFC Act") authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC"), to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including ad valorem and sales taxes levied by such taxing authorities. A leasehold or other possessory interest in the public facility granted by the PFC entitles the user of the public facility to the same exemptions from taxation. An exemption authorized under the PFC Act for a multifamily residential development which is owned by a PFC created by a housing authority which does not have at least 20% of its units reserved for units for which the landlord receives a public housing operating subsidy applies only if (i) the housing authority holds a public hearing to approve the development and (ii) at least 50% of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80% of the area median family income.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Harris County, the City of Houston (the "City") or any political subdivision or agency other than the District, are secured by the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed to the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "THE BONDS - Source of Payment" and - "Registered Owners' Remedies," and "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District. The market value of such homes is related to general economic conditions affecting the demand for residences. Demand for homes can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of lots, homes, and commercial enterprises is directed. Declines in the price of oil could adversely affect job stability, wages, and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Fluctuations on the Houston Area" below). Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the assessed valuation of homes within the District. As is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT," the development the entirety of the developable land located within the District is complete, consisting of 423 single-family residential lots on which 423 single-family homes have been constructed, all of which have been sold to homeowners.

National Economy: 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, employment levels and general economic conditions. As is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT," the development the entirety of the developable land located within the District is complete, consisting of 423 single-family residential lots on which 423 single-family homes have been constructed, all of which have been sold to homeowners. The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically. See "TAXING PROCEDURES."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $677,625 (2052) and the Average Annual Debt Service Requirements will be $666,782 (2024 through 2052, inclusive). The 2022 Assessed Valuation of property located within the District supplied by the Harris County Appraisal District (the "Appraisal District") is $102,329,005. Assuming no increase to nor decrease from the 2022 Assessed Valuation, tax rates of $0.70 and $0.69 per $100 of Assessed Valuation at a 95% tax collection rate, no use of funds on hand, and the issuance of no additional bonds by the District, would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual

Debt Service Requirements, respectively, on the Outstanding Bonds and the Bonds. The Estimated Valuation at May 1, 2023, of property located within the District, supplied by the Appraisal District is $113,997,893. Assuming no increase to or decrease from the Estimated Valuation at May 1, 2023, tax rates of $0.63 and $0.62 per $100 of Assessed Valuation at a 95% tax collection rate, no use of funds on hand, and the issuance of no additional bonds by the District, would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Outstanding Bonds and the Bonds.

The District levied a debt service tax for 2022 of $0.67 per $100 of Assessed Valuation, plus a maintenance tax of $0.61 per $100 of Assessed Valuation. As the above calculations indicate, the 2022 debt service rate will be sufficient to pay debt service on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at May 1, 2023, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. In addition, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected an average of 99.34% of its tax levies for the period 2018 through 2021, as of February 28, 2023, and its 2022 tax levy was 97.05% collected as of such date. Moreover, the District's Debt Service Fund balance was $871,919 as of March 15, 2023. Neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time. See "TAXING PROCEDURES." The District may apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. Therefore, the District anticipates that it will be able to meet the debt service requirements of the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2022 - $0.67 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. Increases in the District's tax rate to higher levels than the total $1.28 per $100 of Assessed Valuation rate which the District levied for 2021 may have an adverse impact upon the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2022 rate, is $3.282616 per $100 of Assessed Valuation. Such aggregate rate is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by: (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection procedures against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property; (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below; or (e) insufficient foreclosure bids to satisfy the tax liens of all state and local taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not 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. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages so that in the absence of waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if the Registered Owners could obtain a judgment against the District, such judgment could not be enforced by a 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 in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

Future Debt

The District reserves in the Bond Order the right to issue the remaining $42,145,000 in unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing waterworks, wastewater and drainage facilities, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $42,145,000 in bonds for waterworks, wastewater and drainage facilities is subject to TCEQ approval. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," and "THE SYSTEM."

If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, 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.

Continuing Compliance with Certain Covenants

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

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 the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

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 Texas Commission on Environmental Quality (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 January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contained a new definition of "waters of the United States." The NWPR became effective June 22, 2020, and is 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 made plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice of 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. On December 30, 2022, the EPA and USACE finalized the proposed rule, effective as of March 20, 2023, which vacates and remands the NWPR released in 2020 and interprets "waters of the United States" consistent with the pre-2015 regulatory regime. The adoption of the new rule is the subject of litigation, including a suit filed in the United States District Court for the Southern District of Texas. Due to this 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.

Changes in Tax Legislation

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

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator, the water supply and wastewater facilities provided to the District from Heatherloch MUD did not sustain any material damage and there was no interruption of water and sewer service to the District from Hurricane Harvey. Home construction had not yet commenced in the District at the time of Hurricane Harvey.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an 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 or other casualty 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 could be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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 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.

Tax Exemption Provided to Lessees of Public Facility Corporations

As described in "TAXING PROCEDURES – Tax Exemption Provided to Lessees of Public Facility Corporations" herein, a multifamily residential development owned or leased by a Public Facility Corporation ("PFC") is exempt from ad valorem taxation by the State and any other political subdivision of the State, including a municipal utility district such as the District. Chapter 303 of the Texas Local Government Code (the "PFC Act") does not require any notice to, or consent by, any taxing jurisdictions that may be impacted by such exemption prior to the exemption being implemented. This tax-exempt lease structure has been utilized by the Houston Housing Authority for the creation of affordable multifamily apartments in the greater Houston area, both through the development of new apartment projects and the acquisition of existing (and previously taxable) apartment projects. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC. The District makes no representations or predictions regarding whether future public facilities will be created or established within the District's boundaries by the Houston Housing Authority or by any other Sponsor (as defined herein) pursuant to the PFC Act.

Infectious Disease Outbreak (COVID-19)

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

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

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

2023 Legislative Session

The 88th Regular Legislative Session convened on January 10, 2023 and will conclude on May 29, 2023. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, election measures, and other matters which could adversely affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT - General," and "Management of the District - Bond Counsel and General Counsel," "TAXING PROCEDURES," "LEGAL MATTERS - Legal Proceedings," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended, through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not 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 Code) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Proposed Tax Legislation

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

Tax Accounting Treatment of Original Issue Discount

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public. Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by 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 for tax-exempt obligations.

The District has designated the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2023 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 2023.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

OFFICIAL STATEMENT

General

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 believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under "Certification as to Official Statement." The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's financial statements for the fiscal year which ended August 31, 2022, were audited by McCall Gibson Swedlund Barfoot PLLC, and have been included herein as "APPENDIX B."

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT" and "THE SYSTEM" has been provided by Quiddity Engineering, LLC and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, 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 events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA" and in "APPENDIX B" (the District's Audited Financial Statements). The District will update and provide this information within six months after the end of each fiscal year ending in and after 2023. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

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 (the "Rule").

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule or the sale of all or substantially all of the assets of the District within the meaning of the Rule, 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing 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 certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or 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 from time to time 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 type of 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 made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment 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 holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. 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 been in material compliance with all of its continuing disclosure agreements made in connection with the Prior Bonds.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 551 as of the date shown on the first page hereof.

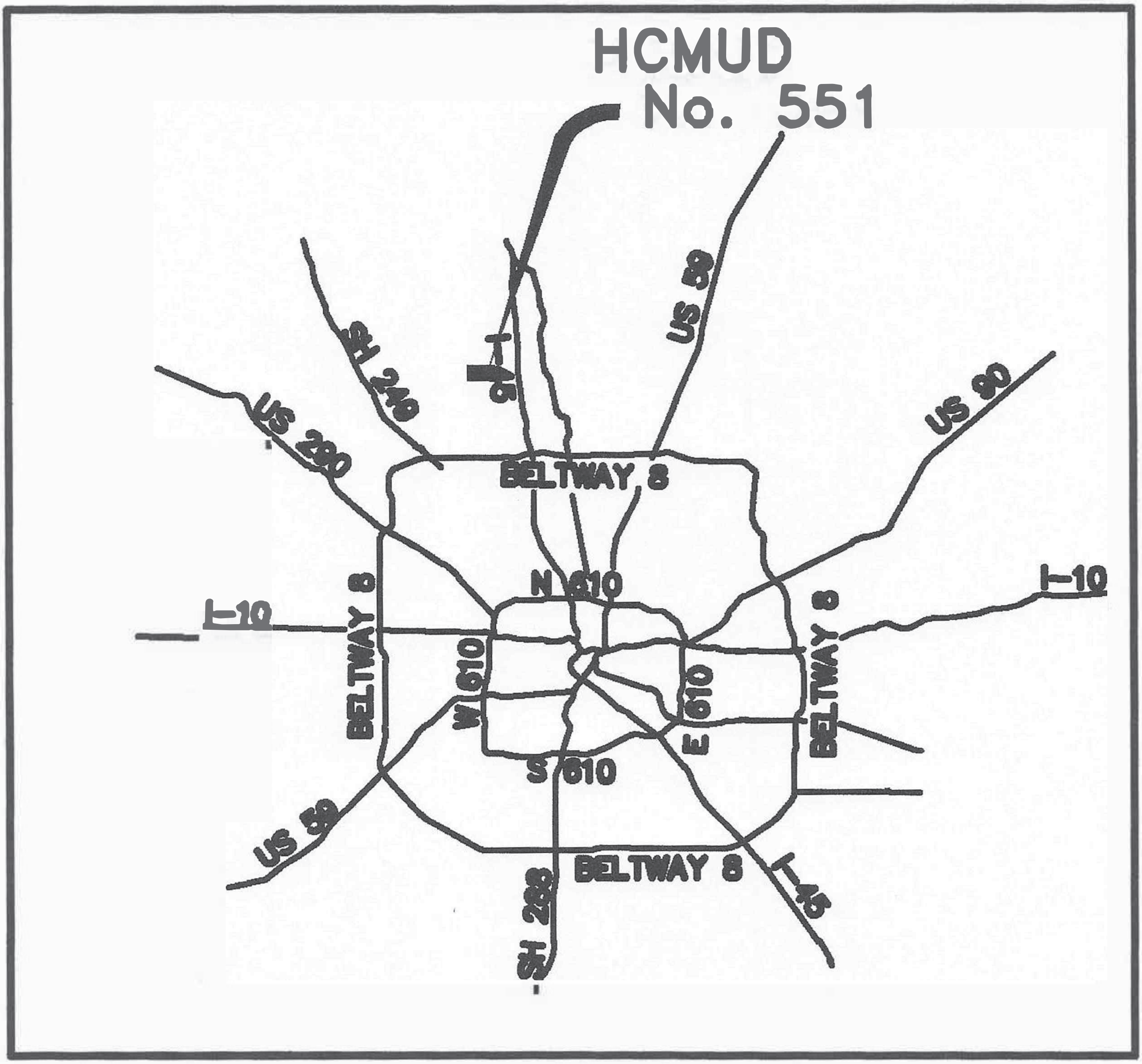
/s/ Brian Seiler
President, Board of Directors
Harris County Municipal Utility District No. 551

ATTEST:

/s/ Eric Djuvik
Secretary, Board of Directors
Harris County Municipal Utility District No. 551

APPENDIX A

LOCATION MAP



APPENDIX B

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 551
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 551 (the "District") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 August 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Board of Directors
Harris County Municipal Utility District No. 551

Correction of Error

As described in Note 8 to the financial statements, certain liabilities as of August 31, 2021, have been restated to correct certain misstatements. Our opinions are not modified with respect to this matter.

Supplementary 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 an 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

December 13, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 551 (the "District") provides an overview of the District's financial activities for the fiscal year ended August 31, 2022. 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 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 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 includes 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 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 customer service revenues, property tax 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. This fund was closed during the current fiscal year.

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 exceeded assets by $3,292,269 as of August 31, 2022.

A portion the District's net position reflects its net investment in capital assets (land, water, wastewater and drainage systems as well as water and wastewater capacity fees paid to Heatherloch Municipal Utility District, less any debt used to acquire those assets that is still outstanding).

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of the Statement of Net Position as of August 31, 2022, and August 31, 2021. The 2021 balances have been adjusted to correct certain misstatements as described in Note 8.

	Summary of the Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current Assets	$ 1,559,350	$ 1,165,556	$ 393,794
Capital Assets (Net of Depreciation)	6,944,840	5,396,114	1,548,726
Total Assets	$ 8,504,190	$ 6,561,670	$ 1,942,520
Due to Developer	$ 1,414,848	$ 3,709,449	$ 2,294,601
Bonds Payable	10,222,807	5,597,265	(4,625,542)
Other Liabilities	158,804	205,360	46,556
Total Liabilities	$ 11,796,459	$ 9,512,074	$ (2,284,385)
Net Position:			
Net Investment in Capital Assets	$ (4,692,815)	$ (3,574,742)	$ (1,118,073)
Restricted	396,718	210,333	186,385
Unrestricted	1,003,828	414,005	589,823
Total Net Position	$ (3,292,269)	$ (2,950,404)	$ (341,865)

The following table provides a summary of the District's operations for the years ended August 31, 2022, and August 31, 2021.

	Summary of the Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,122,082	$ 679,739	$ 442,343
Charges for Services	534,738	558,890	(24,152)
Other Revenues	3,438	2,587	851
Total Revenues	$ 1,660,258	$ 1,241,216	$ 419,042
Expenses for Services	2,002,123	1,605,637	(396,486)
Change in Net Position	$ (341,865)	$ (364,421)	$ 22,556
Net Position, Beginning of Year	(2,950,404)	(2,585,983)	(364,421)
Net Position, End of Year	$ (3,292,269)	$ (2,950,404)	$ (341,865)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2022, were $1,380,300, which was an increase of $370,534 from the prior year.

The General Fund fund balance increased by $591,207, primarily due to property tax revenues, service revenues and transfers exceeding professional, operating, administrative, and capital costs during the year.

The Debt Service Fund fund balance increased by $115,185 due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance decreased by $335,858. The District issued its Series 2021A Bonds in the current fiscal year and used the proceeds to reimburse its Developer as further discussed in Note 12.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopted an unappropriated budget for the General Fund. Actual revenues were $120,909 more than budgeted revenues, actual expenditures were $1,866 less than budgeted expenditures and unbudgeted transfers were $450,272. This resulted in a positive variance of $573,047. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2022, total $6,944,840 (net of accumulated depreciation) and include land, water, wastewater and drainage facilities as well as capacity in the Heatherloch Municipal Utility District joint water and wastewater treatment facilities.

Capital Assets At Year-End

	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,121,107	$ 702,021	$ 419,086
Construction in Progress	232,227		232,227
Capital Assets Subject to Depreciation:			
Water System	993,474	929,589	63,885
Wastewater System	1,834,013	1,746,741	87,272
Drainage System	1,543,905	1,042,044	501,861
Water and Wastewater Capacity - Heatherloch Joint Facilities	1,810,181	1,365,172	445,009
Less Accumulated Depreciation	(590,067)	(389,453)	(200,614)
Total Net Capital Assets	$ 6,944,840	$ 5,396,114	$ 1,548,726

LONG-TERM DEBT

At fiscal year end, the District had total bond debt payable of $10,340,000. The changes in the debt position of the District during the fiscal year ended August 31, 2022, are summarized in the following table:

Bond Debt Payable, September 1, 2021	$	5,760,000
Add: Bond Sale - Series 2021A		4,775,000
Less: Bond Principal Paid		195,000
Bond Debt Payable, August 31, 2022	$	10,340,000

The Series 2021 and 2021A Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

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. 551, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Blvd., Suite 1380, Houston, TX 77056.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,052,485	$ 156,280
Investments		245,000
Receivables:		
Property Taxes	11,564	7,236
Penalty and Interest on Delinquent Taxes		
Service Accounts	60,519	
Other	11,400	166
Due from Other Funds	13,410	
Advance for Water Plant Operations	13,254	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 1,162,632	$ 408,682
LIABILITIES		
Accounts Payable	$ 111,004	$
Due to Developer		
Due to Other Funds		13,410
Security Deposits	47,800	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 158,804	$ 13,410
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 11,564	$ 7,236
FUND BALANCES		
Nonspendable: Water Plant Operations	$ 13,254	$
Restricted for Debt Service		388,036
Unassigned	979,010	
TOTAL FUND BALANCES	$ 992,264	$ 388,036
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,162,632	$ 408,682
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.

Total	Adjustments	Statement of Net Position
$ 1,208,765	$	$ 1,208,765
245,000		245,000
18,800		18,800
	1,446	1,446
60,519		60,519
11,566		11,566
13,410	(13,410)	
13,254		13,254
	1,121,107	1,121,107
	232,227	232,227
	5,591,506	5,591,506
$ 1,571,314	$ 6,932,876	$ 8,504,190
$ 111,004	$	$ 111,004
	1,414,848	1,414,848
13,410	(13,410)	
47,800		47,800
	230,000	230,000
	9,992,807	9,992,807
$ 172,214	$ 11,624,245	$ 11,796,459
$ 18,800	$ (18,800)	$ -0-
$ 13,254	$ (13,254)	$
388,036	(388,036)	
979,010	(979,010)	
$ 1,380,300	$ (1,380,300)	$ -0-
$ 1,571,314		
	$ (4,692,815)	$ (4,692,815)
	396,718	396,718
	1,003,828	1,003,828
	$ (3,292,269)	$ (3,292,269)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2022

Total Fund Balances - Governmental Funds		$ 1,380,300
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		6,944,840
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		20,246
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 Developer	$ (1,414,848)	
Bonds Payable	(10,222,807)	(11,637,655)
Total Net Position - Governmental Activities		$ (3,292,269)

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 522,677	$ 597,428
Water Service	111,149	
Wastewater Service	193,560	
Water Authority Fees	203,304	
Penalty and Interest	10,666	7,777
Connection and Inspection Fees	9,310	
Investment and Miscellaneous Revenues	2,243	1,126
TOTAL REVENUES	$ 1,052,909	$ 606,331
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 87,557	$ 3,987
Contracted Services	130,813	20,390
Purchased Water Service	194,788	
Purchased Wastewater Service	116,975	
Repairs and Maintenance	88,664	
Depreciation		
Other	36,241	3,802
Conveyance of Assets		
Developer Interest		
Capital Outlay	256,936	
Debt Service:		
Bond Issuance Costs		
Bond Principal		195,000
Bond Interest		267,967
TOTAL EXPENDITURES/EXPENSES	$ 911,974	$ 491,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 140,935	$ 115,185
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ 450,272	$
Bond Premium		
Bond Discount		
Proceeds From Issuance of Long-Term Debt		
TOTAL OTHER FINANCING SOURCES (USES)	$ 450,272	$ -0-
NET CHANGE IN FUND BALANCES	$ 591,207	$ 115,185
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2021, AS ADJUSTED	401,057	272,851
FUND BALANCES/NET POSITION - AUGUST 31, 2022	$ 992,264	$ 388,036

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,120,105	$ 1,977	$ 1,122,082
	111,149		111,149
	193,560		193,560
	203,304		203,304
	18,443	(1,028)	17,415
	9,310		9,310
69	3,438		3,438
$ 69	$ 1,659,309	$ 949	$ 1,660,258
$	$ 91,544	$	$ 91,544
	151,203		151,203
	194,788		194,788
	116,975		116,975
	88,664		88,664
		200,614	200,614
305	40,348		40,348
		125,101	125,101
318,033	318,033		318,033
3,912,106	4,169,042	(4,169,042)	
470,870	470,870		470,870
	195,000	(195,000)	
	267,967	(63,984)	203,983
$ 4,701,314	$ 6,104,434	$ (4,102,311)	$ 2,002,123
$ (4,701,245)	$ (4,445,125)	$ 4,103,260	$ (341,865)
$ (450,272)	$	$	$
214,942	214,942	(214,942)	
(174,283)	(174,283)	174,283	
4,775,000	4,775,000	(4,775,000)	
$ 4,365,387	$ 4,815,659	$ (4,815,659)	$ -0-
$ (335,858)	$ 370,534	$ (370,534)	$
		(341,865)	(341,865)
335,858	1,009,766	(3,960,170)	(2,950,404)
$ -0-	$ 1,380,300	$ (4,672,569)	$ (3,292,269)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net Change in Fund Balances - Governmental Funds	$ 370,534
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenue when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,977
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.	(1,028)
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.	(200,614)
Bond premiums and bond discounts are reported as other financing sources and uses in fund financial statements but are amortized over the life of the bonds in government-wide financial statements.	(40,659)
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(4,775,000)
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.	195,000
Conveyance of assets to other entities for ownership and maintenance is recorded as an expense.	(125,101)
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 or the related developer liability is reduced.	4,169,042
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.	63,984
Change in Net Position - Governmental Activities	$ (341,865)

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 551, of Harris County, Texas, was created under and essential to accomplish the purposes of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution on August 9, 2017, 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, as amended, 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, for the residents of the District. The Board of Directors held its first meeting on August 16, 2017.

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.

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 funds 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 a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

The General Fund accounts for customer service revenues, property tax collections, 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. This fund was closed during the fiscal year.

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 collectible 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 collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred. The District records the principal and interest on long-term debt as expenditures in the fiscal year in which payment is made.

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 August 31, 2022, the Debt Service Fund (Tax Fund) owed the General Fund $13,410 for maintenance tax collections.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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 using the straight-line method of depreciation over a period of 10 to 45 years for water, wastewater and drainage facilities. Capacity interest in the Heatherloch MUD joint facilities is depreciated using the straight-line method over the contract term of 40 years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget was adopted for the General Fund by the District's Board of Directors 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered "employees" 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. 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

NOTE 3. LONG-TERM DEBT

	Series 2020	Series 2021	Series 2021A
Amount Outstanding – August 31, 2022	$ 3,515,000	$ 2,145,000	$ 4,680,000
Interest Rates	2.00% - 3.60%	2.00% - 4.50%	2.125% - 4.625%
Maturity Dates- Beginning/Ending	September 1, 2023/2049	September 1, 2023/2049	September 1, 2023/2050
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2026*	September 1, 2026*

* Or on any date thereafter, in whole or in part, at the option of the District, at par plus accrued interest to the date of redemption. The Series 2020 Bonds that mature on September 1, 2043, 2046 and 2049 are subject to mandatory redemption beginning September 1, 2041, 2044 and 2047, respectively. The Series 2021 Bonds that mature on September 1, 2029, 2033, 2036, 2039, 2042, 2045 and 2049 are subject to mandatory redemption beginning September 1, 2026, 2030, 2034, 2037, 2040, 2043 and 2046, respectively. The Series 2021A Bonds that mature on September 1, 2037, 2039, 2041, 2043, 2046 and 2050 are subject to mandatory redemption beginning September 1, 2036, 2038, 2040, 2042, 2044 and 2047, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2022:

	September 1, 2021	Additions	Retirements	August 31, 2022
Bonds Payable	$ 5,760,000	$ 4,775,000	$ 195,000	$ 10,340,000
Unamortized Discounts	(162,735)	(174,283)	(10,020)	(326,998)
Unamortized Premiums		214,942	5,137	209,805
Bonds Payable, Net	$ 5,597,265	$ 4,815,659	$ 190,117	$ 10,222,807

Amount Due Within One Year	$ 230,000
Amount Due After One Year	9,992,807
Bonds Payable, Net	$ 10,222,807

As of August 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 230,000	$ 305,905	$ 535,905
2024	240,000	297,024	537,024
2025	245,000	287,741	532,741
2026	255,000	278,164	533,164
2027	265,000	268,170	533,170
2028-2032	1,465,000	1,197,175	2,662,175
2033-2037	1,705,000	976,705	2,681,705
2038-2042	1,995,000	718,162	2,713,162
2043-2047	2,350,000	406,730	2,756,730
2048-2050	1,590,000	77,730	1,667,730
	$ 10,340,000	$ 4,813,506	$ 15,153,506

As of August 31, 2022, the District had authorized but unissued bonds in the amount of $44,465,000 for utility facilities and $82,500,000 for refunding bonds. 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.

During the year ended August 31, 2022, the District levied an ad valorem debt service tax rate of $0.75 per $100 of assessed valuation, which resulted in a tax levy of $599,066 on the adjusted taxable valuation of $79,875,423 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. 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 levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information is of the general type included in 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. The District also complies 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.

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 $1,453,765 and the bank balance was $1,457,837. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits at August 31, 2022, are as follows:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 1,052,485	$	$ 1,052,485
DEBT SERVICE FUND	156,280	245,000	401,280
TOTAL DEPOSITS	$ 1,208,765	$ 245,000	$ 1,453,765

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

Certificates of deposit are recorded at acquisition cost.

As of August 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
DEBT SERVICE FUND		
Certificate of Deposit	$ 245,000	$ 245,000

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages this risk by investing in certificates of deposit with balances below FDIC coverage or whose balance is collateralized with pledged securities.

Interest rate risk is the risk that charges in interest rates will adversely affect the fair value of an investment. The District manages this risk by investing in certificates of deposit with maturities of less than one year.

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.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2022, is summarized in the following table:

	September 1, 2021	Increases	Decreases	August 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 702,021	$ 419,086	$	$ 1,121,107
Construction in Progress		1,330,254	1,098,027	232,227
Total Capital Assets Not Being Depreciated	$ 702,021	$ 1,749,340	$ 1,098,027	$ 1,353,334
Capital Assets Subject to Depreciation				
Water System	$ 929,589	$ 63,885	$	$ 993,474
Wastewater System	1,746,741	87,272		1,834,013
Drainage System	1,042,044	501,861		1,543,905
Water and Wastewater Capacity - Heatherloch Joint Facilities	1,365,172	445,009		1,810,181
Total Capital Assets Subject to Depreciation	$ 5,083,546	$ 1,098,027	$ -0-	$ 6,181,573
Less Accumulated Depreciation				
Water System	$ 59,064	$ 25,634	$	$ 84,698
Wastewater System	113,788	45,362		159,150
Drainage System	84,391	62,188		146,579
Water and Wastewater Capacity - Heatherloch Joint Facilities	132,210	67,430		199,640
Total Accumulated Depreciation	$ 389,453	$ 200,614	$ -0-	$ 590,067
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 4,694,093	$ 897,413	$ -0-	$ 5,591,506
Total Capital Assets, Net of Accumulated Depreciation	$ 5,396,114	$ 2,646,753	$ 1,098,027	$ 6,944,840

NOTE 7. MAINTENANCE TAX

On November 7, 2017, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. During the year ended August 31, 2022, the District levied an ad valorem maintenance tax rate of $0.65 per $100 assessed valuation, which resulted in an adjusted tax levy of $519,190 on the adjusted taxable valuation of $79,875,423 for the 2021 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

NOTE 8. UNREIMBURSED COSTS

The District has entered into financing and reimbursement agreements with a Developer within the District which provide for the Developer to make payments on behalf of the District for

NOTE 8. UNREIMBURSED COSTS (Continued)

various projects and operating advances. The District has an obligation to reimburse the Developer for these costs from future bond issues to the extent approved by the Commission. The District recorded a prior period adjustment to reduce the Developer liability balance by $1,460,091 to remove the liability for road infrastructure which is not reimbursable. This resulted in an increase in the District's prior year net position from a deficit of $4,410,495 to a deficit of $2,950,404. The District's adjusted prior year Developer liability balance of $3,709,449 was reduced by current year Developer reimbursements totaling $2,294,601 which resulted in an August 31, 2022, balance of $1,414,848 related to completed projects.

NOTE 9. JOINT FACILITIES

The District has entered into an agreement with Heatherloch Municipal Utility District ("Heatherloch MUD") (the "Amended and Restated Agreement Regarding Water and Wastewater Facilities" or the "Agreement") related to the financing, construction and operation of the water supply facilities that serve land within the District and Heatherloch MUD. Heatherloch MUD's water supply facilities include a 1,000 gallons per minute ("g.p.m.") well, 50,000-gallon pressure tank, 1,027,000 gallons of ground storage and booster pumps totaling 4,200 g.p.m. Pursuant to the Agreement, the District's share in such facilities is 423 ESFCs. Wastewater treatment for the District is provided by Heatherloch MUD per the Agreement. Heatherloch MUD owns 700,000 gallons per day ("gpd") of capacity in a 1.3 million gpd plant within Harris County Water Control and Improvement District No. 116. Pursuant to the Agreement, the District has reserved capacity of 423 ESFCs. The Agreement requires that each district keep on deposit its proportionate share of an operation and maintenance reserve. The District advanced $13,254 for its share of operating costs. The District's share of joint facilities costs during the current fiscal year totaled $311,763.

The following summary financial data of the joint facilities is presented for the fiscal year ended September 30, 2021 (the most recently available audited financial statements). The financial statements of Heatherloch may be obtained by contacting its attorney, Coats Rose, P.C.

Total Assets	$ 341,311
Total Liabilities	208,766
Total Fund Balance	$ 132,545
Total Revenues	$ 2,342,709
Total Expenditures	2,342,709
Net Change in Fund Balance	$ - 0 -
Fund Balance - October 1, 2020	132,545
Fund Balance - September 30, 2021	$ 132,545

NOTE 10. 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 charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. Purchased water costs paid to Heatherloch include the District's share of Authority fees.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and construction of assets, errors and omissions and natural disasters for which the District carries, commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. BOND SALE

On December 21, 2021, the District closed on the sale of its $4,775,000 Series 2021A Unlimited Tax Bonds. Proceeds of the bonds were used to reimburse the Developer for construction and engineering costs for water, wastewater and drainage facilities serving Retreat at Champions Landing Sections 1, 2 and 3, clearing and grubbing for Retreat at Champions Landing, Sections 3 and 4, and Retreat at Champions Landing Detention Facilities, Phase 3. Bond proceeds were also be used to reimburse the Developer for land, drainage impact analyses, feasibility report, Heatherloch MUD water and wastewater capital recovery fees, and the District's pro rata share of the Heatherloch MUD wastewater facilities improvements. Lastly, bond proceeds were used to pay Developer interest and certain other costs associated with the issuance of the bonds.

NOTE 13. USE OF SURPLUS FUNDS

On March 21, 2022, and September 29, 2022, the Commission approved the use of surplus bond funds of $376,725 and $68,947, respectively, to pay for costs associated with the construction of the Water Plant No. 1 Expansion (the "Project") shared with Heatherloch (see Note 9). The Capital Projects Fund transferred $450,272 to the General Fund during the current fiscal year for the Project costs and related surplus funds application expenses. The District made its first installment payment for the Project of $232,227 during the current fiscal year which is included in construction in progress.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 486,000	$ 522,677	$ 36,677
Water Service	103,500	111,149	7,649
Wastewater Service	170,000	193,560	23,560
Water Authority Fees	152,000	203,304	51,304
Penalty and Interest	7,000	10,666	3,666
Investment and Miscellaneous Revenues	13,500	11,553	(1,947)
TOTAL REVENUES	$ 932,000	$1,052,909	$ 120,909
EXPENDITURES			
Service Operations:			
Professional Fees	$ 119,000	$ 87,557	$ 31,443
Contracted Services	126,800	130,813	(4,013)
Purchased Water Service	172,000	194,788	(22,788)
Purchased Wastewater Service	85,000	116,975	(31,975)
Repairs and Maintenance	86,000	88,664	(2,664)
Other	38,540	36,241	2,299
Capital Outlay	286,500	256,936	29,564
TOTAL EXPENDITURES	$ 913,840	$ 911,974	$ 1,866
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 18,160	$ 140,935	$ 122,775
OTHER FINANCING SOURCES(USES)			
Transfer In	$ -0-	$ 450,272	$ 450,272
NET CHANGE IN FUND BALANCE	$ 18,160	$ 591,207	$ 573,047
FUND BALANCE - SEPTEMBER 1, 2021	401,057	401,057	
FUND BALANCE - AUGUST 31, 2022	$ 419,217	$ 992,264	$ 573,047

See accompanying independent auditor’s report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2022

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The rates below are based on the rate order effective November 15, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 20.00	10,000	N	$ 1.00	10,001 to 30,000
				$ 1.30	30,001 and up
WASTEWATER:	$ 20.00	30,000	N	$ 1.00	30,001 and up
SURCHARGE:					
Water Authority Fees	Surface water rate plus 10%		N	$ 5.56	0,001 and up

District employs winter averaging for wastewater usage?

Yes	No
	X

Total monthly charges per 10,000 gallons usage: Water: $20.00 Wastewater: $37.94* Surcharge: $55.60

*includes current garbage rate of $17.94

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	424	424	x 1.0	424
1"	2	2	x 2.5	5
1½"	1	1	x 5.0	5
2"	4	4	x 8.0	32
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"	1	1	x 115.0	115
Total Water Connections	432	432		581
Total Wastewater Connections	426	426	x 1.0	426

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

Gallons billed to customers: 36,671,000 **

** The District participates in joint water facilities with Heatherloch MUD (see Note 9).

See accompanying independent auditor's report.

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

Does the District have Debt Service standby fees? Yes __ No _X_

Does the District have Operation and Maintenance standby fees? Yes __ No _X_

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all _X_

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

Entirely _X_ Partly ____ Not at all ____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No _X_

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

PROFESSIONAL FEES:		
Auditing	$	14,250
Engineering		20,300
Legal		53,007
TOTAL PROFESSIONAL FEES	$	87,557
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	194,788
Purchased Wastewater Service		116,975
TOTAL PURCHASED SERVICES FOR RESALE	$	311,763
CONTRACTED SERVICES:		
Bookkeeping	$	11,442
Operations and Billing		27,368
Solid Waste Disposal		92,003
TOTAL CONTRACTED SERVICES	$	130,813
REPAIRS AND MAINTENANCE	$	88,664
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	7,266
Insurance		6,086
Other		2,451
TOTAL ADMINISTRATIVE EXPENDITURES	$	15,803
CAPITAL OUTLAY	$	256,936
OTHER EXPENDITURES:		
Laboratory Fees	$	8,408
Permit Fees		563
Utilities		4,595
Connection and Inspection Fees		5,255
Regulatory Assessment		1,617
TOTAL OTHER EXPENDITURES	$	20,438
TOTAL EXPENDITURES	$	911,974

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
INVESTMENTS
AUGUST 31, 2022

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
DEBT SERVICE FUND					
Certificate of Deposit	XXXX4962	2.75%	02/22/23	$ 245,000	$ 166

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2021	$ 12,948		$ 3,875	
Adjustments to Beginning Balance	2,103	$ 15,051	1,723	$ 5,598
Original 2021 Tax Levy	$ 448,457		$ 517,451	
Adjustment to 2021 Tax Levy	70,733	519,190	81,615	$ 599,066
TOTAL TO BE ACCOUNTED FOR		$ 534,241		$ 604,664
TAX COLLECTIONS:				
Prior Year	$ 8,939		$ 4,653	
Current Year	513,738	522,677	592,775	$ 597,428
TAXES RECEIVABLE - AUGUST 31, 2022		$ 11,564		$ 7,236
TAXES RECEIVABLE BY YEAR:				
2021		$ 5,452		$ 6,291
2020		2,205		945
2019		3,375		
2018		532		
TOTAL		$ 11,564		$ 7,236

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	$ 14,672,644	$ 11,370,121	$ 8,667,174	$ 4,828,622
Improvements	65,777,198	37,167,318	18,471,000	1,409,740
Personal Property	902,594	751,112	506,847	
Exemptions	(1,477,013)	(568,394)	(19,912)	
TOTAL PROPERTY VALUATIONS	$ 79,875,423	$ 48,720,157	$ 27,625,109	$ 6,238,362
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.75	$ 0.42	$ 0.00	$ 0.00
Maintenance Tax	0.65	0.98	1.50	1.50
TOTAL TAX RATES PER $100 VALUATION	$ 1.40	$ 1.40	$ 1.50	$ 1.50
ADJUSTED TAX LEVY*	$ 1,118,256	$ 682,082	$ 414,377	$ 93,576
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.95 %	99.54 %	99.18 %	99.43 %

* Based upon adjusted tax levy at the time of the 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 November 7, 2017.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551

LONG-TERM DEBT SERVICE REQUIREMENTS

AUGUST 31, 2022

	SERIES-2020		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 65,000	$ 111,530	$ 176,530
2024	70,000	110,230	180,230
2025	70,000	108,760	178,760
2026	75,000	107,220	182,220
2027	80,000	105,495	185,495
2028	80,000	103,575	183,575
2029	85,000	101,575	186,575
2030	90,000	99,365	189,365
2031	95,000	96,935	191,935
2032	100,000	94,275	194,275
2033	105,000	91,375	196,375
2034	110,000	88,225	198,225
2035	115,000	84,925	199,925
2036	120,000	81,475	201,475
2037	125,000	77,755	202,755
2038	135,000	73,817	208,817
2039	140,000	69,497	209,497
2040	145,000	64,878	209,878
2041	155,000	60,020	215,020
2042	160,000	54,750	214,750
2043	170,000	49,310	219,310
2044	180,000	43,530	223,530
2045	190,000	37,230	227,230
2046	200,000	30,580	230,580
2047	205,000	23,580	228,580
2048	220,000	16,200	236,200
2049	230,000	8,280	238,280
2050			
	$ 3,515,000	$ 1,994,387	$ 5,509,387

The District records the amount due September 1 as an expenditure in the prior fiscal year. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

	SERIES-2021		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 40,000	$ 50,900	$ 90,900
2024	40,000	49,100	89,100
2025	45,000	47,300	92,300
2026	45,000	45,275	90,275
2027	45,000	43,250	88,250
2028	50,000	41,225	91,225
2029	55,000	38,975	93,975
2030	55,000	36,500	91,500
2031	60,000	35,400	95,400
2032	60,000	34,200	94,200
2033	65,000	33,000	98,000
2034	65,000	31,700	96,700
2035	70,000	30,400	100,400
2036	75,000	29,000	104,000
2037	80,000	27,500	107,500
2038	80,000	25,900	105,900
2039	85,000	24,300	109,300
2040	90,000	22,600	112,600
2041	95,000	20,800	115,800
2042	100,000	18,900	118,900
2043	105,000	16,900	121,900
2044	110,000	14,800	124,800
2045	115,000	12,600	127,600
2046	120,000	10,300	130,300
2047	125,000	7,900	132,900
2048	130,000	5,400	135,400
2049	140,000	2,800	142,800
2050			
	$ 2,145,000	$ 756,925	$ 2,901,925

The District records the amount due September 1 as an expenditure in the prior fiscal year. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

	SERIES-2021A		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 125,000	$ 143,475	$ 268,475
2024	130,000	137,694	267,694
2025	130,000	131,681	261,681
2026	135,000	125,669	260,669
2027	140,000	119,425	259,425
2028	145,000	112,950	257,950
2029	145,000	107,150	252,150
2030	150,000	102,800	252,800
2031	145,000	98,300	243,300
2032	150,000	93,950	243,950
2033	150,000	89,450	239,450
2034	155,000	84,950	239,950
2035	155,000	80,300	235,300
2036	155,000	75,650	230,650
2037	160,000	71,000	231,000
2038	160,000	66,200	226,200
2039	160,000	61,400	221,400
2040	165,000	56,600	221,600
2041	160,000	51,650	211,650
2042	165,000	46,850	211,850
2043	165,000	41,900	206,900
2044	165,000	36,950	201,950
2045	165,000	32,000	197,000
2046	165,000	27,050	192,050
2047	170,000	22,100	192,100
2048	165,000	18,488	183,488
2049	160,000	14,981	174,981
2050	545,000	11,581	556,581
	$ 4,680,000	$ 2,062,194	$ 6,742,194

The District records the amount due September 1 as an expenditure in the prior fiscal year. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

Due During Fiscal Years Ending August 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$ 230,000	$ 305,905	$ 535,905
2024	240,000	297,024	537,024
2025	245,000	287,741	532,741
2026	255,000	278,164	533,164
2027	265,000	268,170	533,170
2028	275,000	257,750	532,750
2029	285,000	247,700	532,700
2030	295,000	238,665	533,665
2031	300,000	230,635	530,635
2032	310,000	222,425	532,425
2033	320,000	213,825	533,825
2034	330,000	204,875	534,875
2035	340,000	195,625	535,625
2036	350,000	186,125	536,125
2037	365,000	176,255	541,255
2038	375,000	165,917	540,917
2039	385,000	155,197	540,197
2040	400,000	144,078	544,078
2041	410,000	132,470	542,470
2042	425,000	120,500	545,500
2043	440,000	108,110	548,110
2044	455,000	95,280	550,280
2045	470,000	81,830	551,830
2046	485,000	67,930	552,930
2047	500,000	53,580	553,580
2048	515,000	40,088	555,088
2049	530,000	26,061	556,061
2050	545,000	11,581	556,581
	$ 10,340,000	$ 4,813,506	$ 15,153,506

The District records the amount due September 1 as an expenditure in the prior fiscal year. This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2022

Description	Original Bonds Issued	Bonds Outstanding September 1, 2021
Harris County Municipal Utility District No. 551 Unlimited Tax Bonds - Series 2020	$ 3,575,000	$ 3,575,000
Harris County Municipal Utility District No. 551 Unlimited Tax Bonds - Series 2021	2,185,000	2,185,000
Harris County Municipal Utility District No. 551 Unlimited Tax Bonds - Series 2021A	4,775,000	
TOTAL	$ 10,535,000	$ 5,760,000

Bond Authority:	Utility Facilities	Refunding Bonds
Amount Authorized by Voters	$ 55,000,000	$ 82,500,000
Amount Issued	10,535,000	
Remaining to be Issued	$ 44,465,000	$ 82,500,000

Debt Service Fund cash and investment balances as of August 31, 2022:	$ 401,280
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 541,197

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding August 31, 2022	Paying Agent
$	$ 60,000	$ 112,580	$ 3,515,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	40,000	52,700	2,145,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
4,775,000	95,000	102,687	4,680,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 4,775,000	$ 195,000	$ 267,967	$ 10,340,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 522,677	$ 471,960	$ 409,324
Water Service	111,149	107,862	73,687
Wastewater Service	193,560	170,553	106,579
Water Authority Fees	203,304	162,589	103,512
Connection and Inspection Fees	9,310	98,950	124,020
Penalty, Interest and Other Revenues	12,909	8,302	8,073
TOTAL REVENUES	$ 1,052,909	$ 1,020,216	$ 825,195
EXPENDITURES			
Professional Fees	$ 87,557	$ 89,711	$ 122,179
Contracted Services	130,813	111,207	77,751
Purchased Water Service	194,788	214,564	122,526
Purchased Wastewater Service	116,975	194,677	213,649
Repairs and Maintenance	88,664	84,059	68,408
Other	36,241	105,587	95,306
Capital Outlay	256,936		
TOTAL EXPENDITURES	$ 911,974	$ 799,805	$ 699,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 140,935	$ 220,411	$ 125,376
OTHER FINANCING SOURCES (USES)			
Transfers In	$ 450,272	$	$
Developer Advances			
TOTAL OTHER FINANCING SOURCES (USES)	$ 450,272	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 591,207	$ 220,411	$ 125,376
BEGINNING FUND BALANCE/(DEFICIT)	401,057	180,646	55,270
ENDING FUND BALANCE/(DEFICIT)	$ 992,264	$ 401,057	$ 180,646

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
$ 88,835	$	49.6 %	46.2 %	49.6 %	24.0 %	%
50,824	14,568	10.6	10.6	8.9	13.8	9.8
59,589	11,766	18.4	16.7	12.9	16.1	7.9
49,027	11,341	19.3	15.9	12.5	13.3	7.7
115,645	105,335	0.9	9.7	15.0	31.3	71.2
5,475	5,029	1.2	0.9	1.1	1.5	3.4
$ 369,395	$ 148,039	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 122,866	$ 93,103	8.3 %	8.8 %	14.8 %	33.3 %	62.9 %
42,829	10,712	12.4	10.9	9.4	11.6	7.2
63,032	17,546	18.5	21.0	14.8	17.1	11.9
20,204	3,268	11.1	19.1	25.9	5.5	2.2
30,472	26,218	8.4	8.2	8.3	8.2	17.7
103,377	81,334	3.4	10.3	11.5	28.0	54.9
		24.4				
$ 382,780	$ 232,181	86.5 %	78.3 %	84.7 %	103.7 %	156.8 %
$ (13,385)	$ (84,142)	13.5 %	21.7 %	15.3 %	(3.7) %	(56.8) %
$	$					
80,000	84,000					
$ 80,000	$ 84,000					
$ 66,615	$ (142)					
(11,345)	(11,203)					
$ 55,270	$ (11,345)					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 597,428	$ 200,750	$
Penalty, Interest and Other Revenues	8,903	10,747	
TOTAL REVENUES	$ 606,331	$ 211,497	$ -0-
EXPENDITURES			
Tax Collection Expenditures	$ 26,679	$ 22,549	$
Debt Service Principal	195,000		
Debt Service Interest and Fees	269,467	140,507	750
TOTAL EXPENDITURES	$ 491,146	$ 163,056	$ 750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 115,185	$ 48,441	$ (750)
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	$ -0-	$ -0-	$ 225,160
NET CHANGE IN FUND BALANCE	$ 115,185	$ 48,441	$ 224,410
BEGINNING FUND BALANCE	272,851	224,410	
ENDING FUND BALANCE	$ 388,036	$ 272,851	$ 224,410
TOTAL ACTIVE RETAIL WATER CONNECTIONS	432	431	326
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	426	425	322

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
$	$	98.5 %	94.9 %	%	%	%
		1.5	5.1			
$ -0-	$ -0-	100.0 %	100.0 %	N/A %	N/A %	N/A %
$	$	4.4 %	10.7 %	%	%	%
		32.2				
		44.4	66.4			
$ -0-	$ -0-	81.0 %	77.1 %	N/A %	N/A %	N/A %
$ -0-	$ -0-	19.0 %	22.9 %	N/A %	N/A %	N/A %
$ -0-	$ -0-					
$	$					
$ -0-	$ -0-					
219	112					
215	110					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

District Mailing Address	-	Harris County Municipal Utility District No. 551 c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP 1980 Post Oak Blvd., Suite 1380 Houston, TX 77056
District Telephone Number	-	(713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2022	Expense Reimbursements for the year ended August 31, 2022	Title
Brian W. Seiler	05/22 05/26 (Elected)	$ 1,500	$ 140	President
Spence Bridges	05/22 05/26 (Elected)	$ 1,650	$ 154	Vice President
Eric Djuvik	05/20 05/24 (Elected)	$ 1,350	$ 97	Secretary
Matt McKenzie (Resigned)	05/20 05/24 (Elected)	$ 1,050	$ 55	Assistant Secretary
Tim Early	05/22 05/26 (Elected)	$ 1,200	$ 111	Assistant Secretary
Doug Sellers	09/22 05/24 (Appointed)	$ -0-	$ -0-	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: September 27, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on August 16, 2017. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 551
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

Consultants:	Date Hired	Fees for the year ended August 31, 2022	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	08/16/17	$ 53,007 $ 137,338	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/18/18	$ 14,250 $ 14,750	Auditor Bond Related
L & S District Services, LLC	08/16/17	$ 12,342	Bookkeeper
Quiddity Engineering	08/16/17	$ 24,822	Engineer
Debra Loggins	08/16/17	$ -0-	Investment Officer
Rathmann & Associates, L.P.	09/29/17	$ 97,000	Financial Advisor
Utility Tax Service, LLC	08/16/17	$ 15,020	Tax Assessor/ Collector
H2O Innovations, Inc.	11/15/17	$ 73,770	Operator

See accompanying independent auditor's report.

APPENDIX C

SPECIMEN OF 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)