OFFICIAL STATEMENT DATED SEPTEMBER 25, 2023

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

THE BONDS ARE **NOT** "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book-Entry-Only

Insured Rating (AGM): S&P "AA" (stable outlook)
Underlying Rating: S&P "A"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$17,075,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX BONDS, SERIES 2023

Dated: October 1, 2023 **Due: October 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds will accrue from the date of initial delivery (expected to be October 26, 2023) (the "Date of Delivery") and be payable on April 1, 2024 and on each October 1 and April 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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 "BOOK-ENTRY-ONLY SYSTEM."

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 ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE" herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (Oct 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Oct 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2025	$ 1,100,000	6.75%	4.00%	414915 SC3	2035	$ 325,000 (c)	4.25%	4.45%	414915 SN9
2026	1,000,000	6.75	3.95	414915 SD1	2036	325,000 (c)	4.25	4.55	414915 SP4
2027	125,000	6.75	3.95	414915 SE9	2037	375,000 (c)	4.50	4.65	414915 SQ2
2028	125,000	6.75	3.95	414915 SF6	2038	400,000 (c)	4.50	4.70	414915 SR0
2029	125,000	6.75	3.95	414915 SG4	2039	425,000 (c)	4.50	4.75	414915 SS8
***	***	***	***	***	***	***	***	***	***
2033	200,000 (c)	4.25	4.25	414915 SL3	2042	600,000 (c)	4.75	4.88	414915 SV1
2034	300,000 (c)	4.25	4.35	414915 SM1	2043	650,000 (c)	4.75	4.90	414915 SW9

$500,000 Term Bonds due October 1, 2032 (c), 414915 SK5 (b), 5.25% Interest Rate, 4.20% Yield (a)
$1,050,000 Term Bonds due October 1, 2041 (c), 414915 SU3 (b), 4.75% Interest Rate, 4.85% Yield (a)
$9,450,000 Term Bonds due October 1, 2051 (c), 414915 TE8 (b), 4.75% Interest Rate, 5.05% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Bonds maturing on and after October 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on October 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) also are subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Harris County Municipal Utility District No. 82 (the "District") and will be 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. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about October 26, 2023.

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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 representation must not be relied upon as having been authorized by the District.

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer.. Harris County Municipal Utility District No. 82 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."

The Issue .... $17,075,000 Unlimited Tax Bonds, Series 2023 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors and are authorized pursuant to the election held within the District on February 5, 2005. See "THE BONDS—Authority for Issuance." The Bonds will be issued as fully registered bonds maturing as serial bonds on October 1 in each of the years 2025 through 2029, both inclusive, 2033 through 2039, both inclusive, and 2042 through 2043, both inclusive, and as term bonds on October 1 in each of the years 2032, 2041, and 2051 (the "Term Bonds") in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery and is payable on April 1, 2024, and on each October 1 and April 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

The Bonds maturing on and after October 1, 2032, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on October 1, 2029, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds also are subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency other than the District. See "THE BONDS—Source of and Security for Payment."

Payment Record.............................. The District has previously issued ten series of unlimited tax bonds, six series of unlimited tax refunding bonds, and five series of waterworks and sanitary sewer system combination unlimited tax and revenue bonds. As of August 1, 2023, the District had an aggregate of $61,765,000 principal amount of unlimited tax bonds outstanding (the "Outstanding Bonds"). There are no waterworks and sanitary sewer system combination unlimited tax and revenue bonds outstanding. The District has never defaulted on the payment of principal and interest on any bonds issued by the District.

Use of Proceeds .... Proceeds from the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." Bond proceeds also will be used to pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Not Qualified Tax-Exempt Obligations .... The Bonds are **not** "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Rating and Municipal Bond Insurance......... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the issue of Bonds with the understanding that, upon delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer"). S&P has also assigned an underlying rating of "A" to the Bonds. An explanation of the ratings may be obtained from S&P. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Bond Counsel................................ Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "MANAGEMENT," "LEGAL MATTERS," and "TAX MATTERS."

Financial Advisor.......................... Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT."

District Engineer........................... Vogler & Spencer Engineering, Houston, Texas.

Disclosure Counsel....................... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

Description.................................... The District is a political subdivision of the State of Texas, created by order of the Texas Water Rights Commission, now the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), on May 30, 1973, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is located in northern Harris County approximately 23 miles north of the central business district of the City of Houston, approximately 2 miles east of Interstate 45 and approximately 2 miles southeast of the unincorporated community of Spring and is in the extraterritorial jurisdiction of the City of Houston (the "City"). The District presently contains approximately 2,219 acres of land. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

Defined Area................................. Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property within the District to pay for improvements, facilities, or services that primarily benefit that area. On February 9, 2021, the District approved the creation of a defined area encompassing approximately 915 acres within the District (the "Defined Area").

At an election within the Defined Area, held on May 1, 2021, the voters within the Defined Area authorized $100,000,000 principal amount of unlimited tax bonds to finance water, wastewater and drainage improvements solely within the Defined Area, $40,000,000 principal amount of unlimited tax bonds for the further purpose of refunding those bonds, the levy of an unlimited tax in payment of such bonds within the Defined Area and the levy of a maximum $0.30 operation and maintenance tax for facilities authorized by Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution within the Defined Area.

All land in the Defined Area is expected to be developed as a primarily residential development with some commercial development fronting Cypresswood Drive. To date, utility construction on fourteen sections of lots on approximately 325 acres has been completed. The District levied a tax rate of $0.30 per $100 of assessed valuation in the Defined Area for 2022. Properties in the Defined Area will pay taxes to the District based on the District's tax rate plus the Defined Area tax rate. For 2022, the total tax rate in the Defined Area was $0.975 per $100 assessed valuation. See "DEFINED AREA."

Status of Development.................. Completed single family development in the District includes water, sanitary sewer and drainage facilities and street paving to serve North Spring, Sections 1, 4 through 8, 10, 12, 14 and 15, Spring Ridge, Sections 1 and 2, Bradbury Forest, Sections 1 through 10, Breckenridge Forest, Sections 1 through 13, Breckenridge Forest North, Sections 1 through 3, Breckenridge Park, Section 1, Partial Replats 1 through 3, Breckenridge Park, Section 2, Forest Point at Cypresswood, Tiffany Meadows, Spring Pines, Pine Grove Sections 1 and 2, Spring Creek, Breckenridge Park West Sections 1 through 3, and Breckenridge East Sections 1 and 3 through 7. Such development encompasses approximately 1,290 acres developed into 5,681 single-family residential lots and various small commercial or other usage tracts. As of August 1, 2023, 5,009 homes were completed (of which 4,983 were occupied), 276 new homes were under construction or in the name of the builder, and 396 developed lots were available for home construction in the District. See "THE DEVELOPERS AND MAJOR LANDOWNERS." Newer home prices in the District range from approximately $225,000 to $525,000 and the average house homestead value according to the 2023 tax rolls is approximately $249,442. Homebuilding is being conducted by Long Lake, Ltd., D.R. Horton, Pulte, and KB Homes.

In addition, construction is currently underway for water, sanitary sewer and drainage facilities and street paving to serve Creekwood Crossing Section 1, and Breckenridge East Sections 2 and 8, encompassing approximately 83 acres to be developed into 376 single family residential lots with an expected completion date of second quarter of 2024.

The District contains approximately 305 acres of commercial development, including four small strip shopping centers, a CVS Pharmacy, a veterinarian clinic, three recreation centers, a car wash, a storage facility, three gas stations with convenience stores, three elementary schools, two junior high schools, a Spring Independent School District stadium, three churches, two volunteer fire department stations, a children's home, two auto repair businesses, a fast food restaurant, a tire shop, a scrap metal recycling facility and a small business office. Approximately 92 of the 305 acres of developed commercial property do not have vertical improvements. The schools, stadium, churches, and fire station are not subject to ad valorem taxation by the District.

The District contains approximately 311 developable acres of undeveloped land which are not presently provided with water, sanitary sewer and drainage facilities. The District contains approximately 229 acres of undevelopable land which is comprised of water plant and wastewater treatment sites, streets, drainage easements, recreational facilities, and Harris County park property. Most of the Harris County park property is located within the 100-year flood plain. See "THE DISTRICT—Status of Development."

The Developers and Major Landowners .... D.R. Horton Texas, Ltd., a Texas limited partnership ("D.R. Horton") whose general partner is D.R. Horton, Inc., a Delaware corporation, has developed Breckenridge Forest, Sections 9, 10, 11, 12, and 13, and Breckenridge East Sections 1 and 3 through 7. The Breckenridge East, Sections 1 and 3 through 7 are in the Defined Area. D.R. Horton continues to own approximately 197 acres of undeveloped land within the District, of which approximately 53 acres of such acreage is currently under construction as Breckenridge East Sections 2 and 8.

Woodmere Development Co., Ltd., a Texas limited partnership ("Woodmere"), the general partner of which is Woodmere GP, L.L.C., a Texas limited liability company, developed Bradbury Forest, Sections 6 through 10, Breckenridge Park, Section 1 Replat 1 through Replat 3, Breckenridge Park, Section 2 and Breckenridge Park West Sections 1 through 3, none of which are in the Defined Area. Woodmere also owns approximately 71 acres of developable land within the District within the Defined Area, of which approximately 30 acres of such is currently under construction as Creekwood Crossing, Section 1. After developing the land, Woodmere sells the developed lots on an as needed basis to Long Lake Ltd. ("Long Lake"), a Texas limited partnership (doing business as Lake Ridge Builders, Briarwood Homes, Foxwood Builders and Postwood Homes), which builds and sells houses in the District. Woodmere and Long Lake are under common management and common ownership and, through one or more of such entities, have been in the land development business since 1997.

Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte") developed Pine Grove, Sections 1 and 2, consisting of 267 lots on approximately 59 acres, all of which is in the Defined Area. Pulte does not own any additional land within the District.

KB Home Lone Star Inc. ("KB Home Lone Star"), a Texas corporation, developed Spring Creek, consisting of 70 lots on approximately 15 acres, and Breckenridge Forest North, Section 3, consisting of 69 lots on approximately 33 acres. All of such development is in the Defined Area. KB Home Lone Star continues to own approximately 24 acres of undeveloped land within the District.

D.R. Horton, Woodmere, Pulte and KB Home Lone Star are herein defined as the Developers (the "Developers").

RESS Investments owns approximately 29 acres of undeveloped land within the District. The remaining acres of undeveloped land in the District are owned by various entities.

See "THE DEVELOPERS AND MAJOR LANDOWNERS" and "TAX DATA—Principal Taxpayers."

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY ARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION

2023 Taxable Assessed Valuation	$1,277,652,306	(a)
Estimated Taxable Assessed Valuation as of July 1, 2023	$1,382,714,696	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$ 78,840,000	
Estimated Overlapping Debt	55,462,600	(c)
Gross Debt and Estimated Overlapping Debt	$134,302,600	(c)
Ratios of Gross Debt to:		
2023 Taxable Assessed Valuation	6.17%	
Estimated Taxable Assessed Valuation as of July 1, 2023	5.70%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2023 Taxable Assessed Valuation	10.51%	
Estimated Taxable Assessed Valuation as of July 1, 2023	9.71%	
Anticipated 2023 District-Wide Tax Rate:		
Debt Service	$0.450	
Maintenance and Operations	0.225	
Total	$0.675/$100 A.V.	(d)
Anticipated 2023 Defined Area Tax Rate:		
Maintenance and Operations	$0.300/$100 A.V.	(e)(f)
Anticipated 2023 District-Wide and Defined Area Tax Rate	$0.975/$100 A.V.	(e)(f)
Average percentage of total tax collections (2018-2022)	99.25%	
Maximum Annual Debt Service Requirements (2025) of the Outstanding Bonds and the Bonds (“Maximum Annual Requirement”)	$5,772,775	(g)
Average Annual Debt Service Requirements (2024-2051) of the Outstanding Bonds and the Bonds (“Average Annual Requirement”)	$4,144,893	(g)
Tax rate required to pay Maximum Annual Requirement based upon:		
2023 Taxable Assessed Valuation at a 95% collection rate	$0.48/$100 A.V.	(h)
Estimated Taxable Assessed Valuation as of July 1, 2023 at a 95% collection rate	$0.44/$100 A.V.	(h)
Tax rate required to pay Average Annual Requirement based upon:		
2023 Taxable Assessed Valuation at a 95% collection rate	$ 0.35/$100 A.V.	(h)
Estimated Taxable Assessed Valuation as of July 1, 2023 at a 95% collection rate	$0.32/$100 A.V.	(h)

Water Connections as of August 1, 2023 (i):

Single-family residential - active	4,983
Single-family residential - vacant	26
Builder	276
Commercial	21
Other	72
Total	5,378

Area of District — 2,219 acres
Estimated 2023 population — 17,441 (j)

(a) The Harris Central Appraisal District (the “Appraisal District”) has certified $1,155,718,234 of value as of January 1, 2023. According to the Appraisal District, estimated final value with hearing loss of the properties remaining uncertified totals $121,934,072. The above total represents the certified value plus the estimated final value with hearing loss of the uncertified value. See “TAX PROCEDURES.”
(b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on July 1, 2023. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See “TAX PROCEDURES.”
(c) See “ESTIMATED OVERLAPPING DEBT STATEMENT.”
(d) The District has authorized publication of a proposal to levy a total tax rate of $0.675 per $100 of assessed valuation for 2023. In October 2023, the District’s Board of Directors will consider the adoption of such tax rate.
(e) The District, on behalf of the Defined Area, has authorized publication of a proposal to levy a total tax rate of $0.30 per $100 of assessed valuation for 2023. In October 2023, the District’s Board of Directors will consider the adoption of such tax rate.
(f) Only approximately 915 acres within the District are assessed the Defined Area Tax Rate for a combined anticipated total tax rate in 2023 of $0.975.
(g) See “DEBT SERVICE REQUIREMENTS.”
(h) See “TAX DATA—Tax Adequacy for Debt Service.”
(i) See “THE DISTRICT—Status of Development.”
(j) Estimate based on 3.5 persons per occupied single-family connection.

OFFICIAL STATEMENT

$17,075,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
(A political subdivision of the State of Texas located within Harris County)

UNLIMITED TAX BONDS
SERIES 2023

This Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 82 (the “District”) of its $17,075,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”).

The Bonds are issued pursuant to elections held within the District, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), and an order of the Texas Commission on Environmental Quality (the “TCEQ”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, the Developers, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

THE BONDS

General

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 Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated October 1, 2023, with interest accruing from the Date of Delivery, and are payable on each April 1 and October 1 commencing April 1, 2024, until the earlier of stated maturity or prior redemption. The Bonds mature on October 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof.

Authority for Issuance

Based on the District's most recent bond authorization elections held on May 6, 2000, May 4, 2002, September 13, 2003 and February 5, 2005, the voters of the District have authorized the issuance of a total of $116,405,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring water, sanitary sewer and drainage facilities. The Bonds are being issued pursuant to the February 5, 2005 election and for the purposes described in “USE AND DISTRIBUTION OF BOND PROCEEDS” in accordance with an order of the TCEQ approving a sale of Bonds in the principal amount of $17,075,000.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing, direct, annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the March 15 or September 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

Funds

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Proceeds from sale of the Bonds shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing District facilities, to pay Developer interest and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

No Arbitrage

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on October 1 in each of the years 2032, 2041 and 2051 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on October 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$500,000 Term Bonds Due October 1, 2032		$1,050,000 Term Bonds Due October 1, 2041		$9,450,000 Term Bonds Due October 1, 2051	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2030	$ 150,000	2040	$ 500,000	2044	$ 700,000
2031	150,000	2041 (maturity)	550,000	2045	750,000
2032 (maturity)	200,000			2046	1,100,000
				2047	1,200,000
				2048	1,300,000
				2049	1,400,000
				2050	1,500,000
				2051 (maturity)	1,500,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after October 1, 2032, prior to their scheduled maturities, in whole or in part, in integral multiples of $5,000, on October 1, 2029, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution 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. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation 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, to act as Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District's voters have authorized the issuance of $116,405,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring water, sanitary sewer and drainage facilities and $12,513,000 principal amount of unlimited tax bonds for refunding outstanding bonds of the District and could authorize additional amounts. The District currently has $32,215,000 principal amount of unlimited tax bonds authorized but unissued for constructing and/or acquiring water, sanitary sewer and drainage facilities and $10,794,146.76 principal amount of unlimited tax bonds authorized but unissued for refunding outstanding bonds of the District. After the issuance of the Bonds, $15,140,000 principal amount of the unlimited tax bonds will remain authorized but unissued for constructing and/or acquiring water, sanitary sewer and drainage facilities. See "THE DISTRICT—Future Debt."

The District may also issue additional bonds in the Defined Area, subject to the authorization of the Defined Area voters and the approval of the Commission. Defined Area voters have authorized $100,000,000 in principal amount of unlimited tax bonds for Defined Area projects and $40,000,000 in principal amount of unlimited tax bonds for the purpose of refunding such bonds, all of which remains authorized but unissued. See "DEFINED AREA."

The District is also 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 detailed master plan and bonds for such purposes by the qualified voters in the District; (b) approval of the master 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. Fire protection and emergency services are provided within the District by Harris County Emergency Services District No. 7 or Harris County Emergency Services District No. 11.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District issues park bonds payable from taxes, the following actions are required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the City and Attorney General of Texas. Further, the principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ or the Texas Legislature, consent from the City, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered acquiring "road powers" nor calling such an election at this time.

Issuance of any additional bonds could dilute the investment security for the Bonds.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City of Houston cannot annex territory within the District unless it annexes the entire District; however, the City of Houston may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur. Under the terms of the SPA (as hereinafter defined) between the District and the City of Houston, however, the City of Houston has agreed not to annex the District for full purposes (a traditional municipal annexation) for at least thirty (30) years from the effective date of the SPA. See "—Strategic Partnership Agreement" below. The District could consent to a full purpose annexation prior to that time by agreeing to amend the SPA to such effect, however, the District currently has no intention to do so.

Strategic Partnership Agreement

On December 13, 2010, the District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City") pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City health, safety, planning and zoning ordinances within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA also provides that the City will not annex the District for "full purposes" for at least thirty (30) years. Also, as a condition to full purpose annexation, any unpaid reimbursement obligations due to a developer by the District for water, sanitary sewer and drainage facilities must be assumed by the City to the maximum extent permitted by TCEQ rules.

Upon execution of the SPA, the City imposed the one percent (1%) retail City Sales Tax within the portion of the District included in the limited purpose annexation. The City pays to the District an amount equal to one-half of all retail sales tax revenues generated within such area of the District and received by the City from the Comptroller (herein defined as the "Contract Sales Tax Revenue"). Pursuant to State law, the District is authorized to use the Contract Sales Tax Revenue generated under the SPA for any lawful purpose. None of the anticipated Contract Sales Tax Revenue is pledged toward the payment of principal of and interest on the Bonds.

Consolidation

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

Remedies in Event of Default

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

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

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 might 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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current 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 obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds 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. With respect to the Bonds, one fully-registered Bond certificate will be issued of 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 3.6 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 rating of "AA+" from S&P Global Ratings. 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 tum 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All 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 Bonds 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a municipal utility district created by order of the Texas Water Commission (now the TCEQ), dated May 30, 1973, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes applicable to municipal utility districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Houston, Texas ("Houston" or the "City").

The District is empowered, among other things, to 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 solid waste collection and disposal. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. 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 City, the TCEQ and the voters of the District. Fire protection in the District is provided by either Harris County Emergency Services District No. 7 or No. 11 depending on location. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. See "THE BONDS—Issuance of Additional Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which: limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage and park facilities; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and commercial or multi-family reserves described in plats which have been approved by the Planning Commission of the City of Houston and recorded in the real property records. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District presently contains approximately 2,219 acres of land. The District is located in northern Harris County approximately 23 miles from the central business district of the City of Houston, two miles east of Interstate 45 and two miles southeast of the unincorporated community of Spring. Aldine-Westfield Road forms the western boundary of the District and Cypresswood Drive bisects the District from east to west. See "AERIAL PHOTOGRAPH."

Status of Development

Completed single family development in the District includes water, sanitary sewer and drainage facilities and street paving to serve North Spring, Sections 1, 4 through 8, 10, 12, 14 and 15, Spring Ridge, Sections 1 and 2, Bradbury Forest, Sections 1 through 10, Breckenridge Forest, Sections 1 through 13, Breckenridge Forest North, Sections 1 through 3, Breckenridge Park, Section 1, Partial Replats 1 through 3, Breckenridge Park, Section 2, Forest Point at Cypresswood, Tiffany Meadows, Spring Pines, Pine Grove Sections 1 and 2, Spring Creek, Breckenridge Park West Sections 1 through 3, and Breckenridge East Sections 1 and 3 through 7. Such development encompasses approximately 1,290 acres developed into 5,681 single-family residential lots and various small commercial or other usage tracts. As of August 1, 2023, 5,009 homes were completed (of which 4,983 were occupied), 276 new homes were under construction or in the name of the builder, and 396 developed lots were available for home construction in the District. See "THE DEVELOPERS AND MAJOR LANDOWNERS." Newer home prices in the District range from approximately $225,000 to $525,000 and the average house homestead value according to the 2023 tax rolls is approximately $249,442. Homebuilding is being conducted by Long Lake, Ltd., D.R. Horton, Pulte, and KB Homes.

In addition, construction is currently underway for water, sanitary sewer and drainage facilities and street paving to serve Creekwood Crossing Section 1, and Breckenridge East Sections 2 and 8, encompassing approximately 83 acres to be developed into 376 single family residential lots with an expected completion date of second quarter of 2024.

The District contains approximately 305 acres of commercial development, including four small strip shopping centers, a CVS Pharmacy, a veterinarian clinic, three recreation centers, a car wash, a storage facility, three gas stations with convenience stores, three elementary schools, two junior high schools, a Spring Independent School District stadium, three churches, two volunteer fire department stations, a children's home, two auto repair businesses, a fast food restaurant, a tire shop, a scrap metal recycling facility and a small business office. Approximately 92 of the 305 acres of developed commercial property do not have vertical improvements. The schools, stadium, churches, and fire station are not subject to ad valorem taxation by the District.

The District contains approximately 311 developable acres of undeveloped land which are not presently provided with water, sanitary sewer and drainage facilities. The District contains approximately 229 acres of undevelopable land which is comprised of water plant and wastewater treatment sites, streets, drainage easements, recreational facilities, and Harris County park property. Most of the Harris County park property is located within the 100-year flood plain.

Community Facilities

The District is located approximately two miles north of FM 1960, and various community facilities are located in the vicinity of the District and the FM 1960 area.

Fire protection is provided by the Spring Volunteer Fire Department, which operates a station within the boundaries of the District. The District is located in the Spring Independent School District, which provides school bus service to students who reside over two miles from their school campus. Three elementary schools and two middle schools are located within the District. The District is located in the Lone Star College District, the central campus of which is located approximately 3-1/2 miles south of the District. The Community College District also conducts night classes in facilities of the various independent school districts within its boundaries.

A neighborhood shopping center is located approximately 1/2 mile south of the District and two major shopping centers are located approximately 3 miles south of the District. The unincorporated community of Spring is located approximately two miles north of the District and includes numerous shopping and banking facilities. In addition, a bank and various retail stores and restaurants are located at the intersection of IH 45 and FM 1960, approximately 6 miles southwest of the District. Numerous other commercial establishments are located along FM 1960 west of IH 45.

DEFINED AREA

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. On February 9, 2021, the District approved the creation of a defined area encompassing approximately 915 acres within the District (the "Defined Area").

At an election within the Defined Area, held on May 1, 2021, the voters within the Defined Area authorized $100,000,000 principal amount of unlimited tax bonds to finance water, wastewater and drainage improvements solely within the Defined Area, $40,000,000 principal amount of unlimited tax bonds for the further purpose of refunding those bonds, the levy of an unlimited tax in payment of such bonds within the Defined Area and the levy of a maximum $0.30 operation and maintenance tax for facilities authorized by Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution within the Defined Area.

All land in the Defined Area is expected to be developed as a primarily residential development with some commercial development fronting on Cypresswood Drive. To date, utility construction on fourteen sections of lots on approximately 325 acres has been completed. Properties in the Defined Area will pay taxes to the District based on the District's tax rate plus the Defined Area tax rate. For 2022, the total tax rate in the Defined Area was $0.975 per $100 assessed valuation. For the Defined Area, the 2022 tax rate was $0.30 per $100 assessed valuation. The District, on behalf of the Defined Area, has authorized publication of a proposal to levy a total tax rate of $0.30 per $100 of assessed valuation for 2023. In October 2023, the District's Board of Directors will consider the adoption of such tax rate.

THE DEVELOPERS AND MAJOR LANDOWNERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas where utilities are to be financed by a district through a specified bond issue, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Prospective Bond purchasers should note that the prior real estate experience of a developer should not be construed as an indication that further development within a district will occur, or that construction of taxable improvements upon property within a district will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful.

The Developers

D.R. Horton Texas, Ltd., a Texas limited partnership ("D.R. Horton") whose general partner is D.R. Horton, Inc., a Delaware corporation, has developed Breckenridge Forest, Sections 9, 10, 11, 12, and 13, and Breckenridge East Sections 1 and 3 through 7. The Breckenridge East, Sections 1 and 3 through 7 are in the Defined Area. D.R. Horton continues to own approximately 197 acres of undeveloped land within the District, of which approximately 53 acres of such acreage is currently under construction as Breckenridge East Sections 2 and 8.

Woodmere Development Co., Ltd., a Texas limited partnership ("Woodmere"), the general partner of which is Woodmere GP, L.L.C., a Texas limited liability company, developed Bradbury Forest, Sections 6 through 10, Breckenridge Park, Section 1 Replat 1 through Replat 3, Breckenridge Park, Section 2 and Breckenridge Park West Sections 1 through 3, none of which are in the Defined Area. Woodmere also owns approximately 71 acres of developable land within the District within the Defined Area, of which approximately 30 acres of such is currently under construction as Creekwood Crossing, Section 1. After developing the land, Woodmere sells the developed lots on an as needed basis to Long Lake Ltd. ("Long Lake"), a Texas limited partnership (doing business as Lake Ridge Builders, Briarwood Homes, Foxwood Builders and Postwood Homes), which builds and sells houses in the District. Woodmere and Long Lake are under common management and common ownership and, through one or more of such entities, have been in the land development business since 1997.

Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte") developed Pine Grove, Sections 1 and 2, consisting of 267 lots on approximately 59 acres, all of which is in the Defined Area. Pulte does not own any additional land within the District.

KB Home Lone Star Inc. ("KB Home Lone Star"), a Texas corporation, developed Spring Creek, consisting of 70 lots on approximately 15 acres, and Breckenridge Forest North, Section 3, consisting of 69 lots on approximately 33 acres. All of such development is in the Defined Area. KB Home Lone Star continues to own approximately 24 acres of undeveloped land within the District.

D.R. Horton, Woodmere, Pulte and KB Home Lone Star are herein defined as the Developers (the "Developers"). See "TAX DATA—Principal Taxpayers."

Other Landowners

RESS Investments owns approximately 29 acres of undeveloped land within the District. The remaining acres of undeveloped land in the District are owned by various entities. See "TAX DATA—Principal Taxpayers."

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Each of the five current Directors owns land and/or resides in the District. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held only in even numbered years. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Jerry Chesnutt	President	May 2026
Matthew Hoffpauir	Vice President	May 2026
Jack Abercia, Jr.	Secretary	May 2024
Gary Sundstrom	Assistant Vice President	May 2024
Donald J. Hays	Assistant Secretary	May 2024

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by Harris Central Appraisal District. The District's contracts with Equi-Tax, Inc. to serve as Tax Assessor/Collector.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, L.P. to serve as the District's bookkeeper.

System Operator

The District contracts with Environmental Development Partners for maintenance and operation of the District's system.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Vogler & Spencer Engineering (the "Engineer").

Attorney

The District engages Allen Boone Humphries Robinson LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be 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, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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 financial statements for the fiscal year ending March 31, 2023 were audited by the independent account firm of McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the audited financial statement of the District as of March 31, 2023.

THE SYSTEM

Regulation

According to the District Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System is required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City, Harris County, and, in some instances, the TCEQ. Harris County and the City also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in tum, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant utilized by the District beyond the criteria existing at the time of construction of such plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District is served by three water plants. The first plant consists of a 719 gallons per minute ("gpm") well and pump, a 420,000 gallon ground storage tank, 3,000 gpm of booster pump capacity and two 15,000 gallon pressure tanks. The second plant consists of a 1,607 gpm well and pump, 525,000 gallons of ground storage capacity, 3,000 gpm of booster pump capacity, and a 25,000 gallon pressure tank. The third plant consists of a 1,443 gpm well and pump, 420,000 gallons of ground storage capacity, 4,000 gpm of booster pump capacity, and two 15,000 gallon pressure tanks. According to the Engineer, the District's water supply facilities are sufficient to serve approximately 6,420 single family equivalent connections ("esfc"). As of July 2023, the District was serving approximately 5,413 esfc with water supply including additional irrigation connections. Water Plant No. 4 is currently under construction with an expected completion date of April 2024. Upon completion, Water Plant No. 4 is expected to provide an additional 2,000 esfcs to current capacity. The District also has emergency water interconnects with Timber Lane Utility District, Harris County Municipal Utility District No. 43 and Postwood Municipal Utility District. The interconnects are for emergency use only and therefore are normally closed.

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

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

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

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

Source of Wastewater Treatment: The District owns and operates a 1.1 million gallon per day ("gpd") wastewater treatment plant which, according to the District's Engineer, is currently capable of providing wastewater treatment capacity for approximately 4,151 esfc based upon a flow factor of 265 gpd/esfc. A portion of proceeds from Outstanding Bonds were used for design and construction of an expansion of the wastewater treatment plant to a capacity of 2.2 MGD. Such project is currently under construction with an expected completion date of December 2023. Once completed and operational, the plant will have capacity to serve 8,301 esfc. As of July 2023, the District was serving approximately 4,890 equivalent single-family connections with wastewater treatment capacity. The highest average daily flow recorded to date at the wastewater treatment facility was 1,077,000 gallons in May 2023. The wastewater treatment plant is still experiencing actual flow rates within the 1.1 million gallon per day phase of the wastewater discharge permit.

Drainage: The District's drainage system drains into Spring Creek and thence by a series of streams into the Houston Ship Channel and Galveston Bay. At such time as the remaining acreage within the District is developed, additional on-site storm water detention facilities may be required.

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 rainstorm 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 no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

According to the Engineer, approximately 87 acres of undevelopable land within the District are within the 100-year flood plain, as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map. All of the land in the District which has been developed is outside the 100-year flood plain.

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $14,434,814 is estimated for construction costs, and $2,640,186 is estimated for non-construction costs.

CONSTRUCTION COSTS		
Pine Grove, Section 2 - Water, Wastewater, Drainage & In-line Basin……….	$	1,449,297
Breckenridge East - Clearing & Detention………………………………………		5,026,868
Cypresswood Heights Drive, Phase One - Water, Wastewater & Drainage….		42,472
Breckenridge East, Section One - Water, Wastewater & Drainage…………….		3,574,003
Storm Water Pollution Prevention Plan…………………………………………		166,945
Land Acquisition Costs for Breckenridge East Detention Ponds………………		1,780,000
Water Plant 3 Ground Storage Tank……………………………………………		885,000
Engineering and Testing………………………………………………………		1,421,729
Contingencies……………………………………………………………………		88,500
Total Construction Costs	**$**	**14,434,814**
NON-CONSTRUCTION COSTS		
Legal Fees………………………………………………………………………	$	301,125
Financial Advisory Fees…………………………………………………………		341,500
Developer Interest………………………………………………………………		1,324,225
Bond Discount (a)………………………………………………………………		512,250
Bond Issuance Expenses………………………………………………………		48,898
Bond Application Report………………………………………………………		60,000
TCEQ Fee (0.25%)………………………………………………………………		42,688
Attorney General Fee……………………………………………………………		9,500
Total Non-Construction Costs	**$**	**2,640,186**
TOTAL BOND ISSUE	**$**	**17,075,000**

(a) In its order authorizing the issuance of the Bonds, the TCEQ approved a maximum Bond discount of 3.0%.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

Future Debt

After reimbursement from Bond proceeds, the District will continue to owe Developers in the District approximately $13,520,000 (as of August 1, 2023) for financing and constructing water, sanitary sewer and drainage facilities. Also, the District presently contains approximately 311 acres of developable land not presently served with water, sanitary sewer and drainage facilities. See "THE BONDS—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt." It is anticipated that additional bonds will be issued to reimburse the Developers in the District and to finance the construction of such facilities to serve the undeveloped acreage within the District, including within the Defined Area. Pursuant to an agreement between the Developers and the District, a portion of the amount due will be paid from Defined Area bond proceeds. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements. Additionally, conversion to surface water could necessitate improvements to the District's water supply system, which could require issuance of additional bonds by the District.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Authorized District Ad Valorem Tax Bonds

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/6/00, 5/4/02, 9/13/03, 2/5/05	Water, Sanitary Sewer and Drainage	$116,405,000	$101,265,000*	$15,140,000
5/5/90	Refunding	$12,513,000	$1,718,853	$10,794,146.76

* Includes the Bonds.

Authorized Defined Area Ad Valorem Tax Bonds

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/1/21	Water, Sanitary Sewer and Drainage	$100,000,000	$0	$100,000,000
5/1/21	Refunding	$40,000,000	$0	$40,000,000

FINANCIAL STATEMENT

2023 Taxable Assessed Valuation	$1,277,652,306	(a)
Estimated Taxable Assessed Valuation as of July 1, 2023	$1,382,714,696	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$78,840,000	
Ratios of Gross Debt to:		
2023 Taxable Assessed Valuation	6.17%	
Estimated Taxable Assessed Valuation as of July 1, 2023	5.70%	

Area of District — 2,219 acres
Estimated 2023 Population — 17,441 (c)

(a) The Harris Central Appraisal District (the "Appraisal District") has certified $1,155,718,234 of value as of January 1, 2023. According to the Appraisal District, estimated final value with hearing loss of the properties remaining uncertified totals $121,934,072. The above total represents the certified value plus the estimated final value with hearing loss of the uncertified value. See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on July 1, 2023. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
(c) Estimate based on 3.5 persons per occupied single-family connection.

<u>Cash and Investment Balances</u> (unaudited as of August 28, 2023)

General Fund	Cash and Temporary Investments	$8,764,149	
Capital Projects Fund	Cash and Temporary Investments	$9,210,468	(a)
Debt Service Fund	Cash and Temporary Investments	$6,955,207	(b)

(a) Includes approximately $1,122,463, $2,419,832 and $5,667,688 in construction proceeds related to the Unlimited Tax Bonds, Series 2020, the Unlimited Tax Bonds, Series, 2022 and the Unlimited Tax Bonds, Series 2022A, respectively, which are allocated to specific projects.
(b) Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

<u>Outstanding Bonds</u> (as of August 1, 2023)

Series		Original Principal Amount	Outstanding Bonds (as of 8/1/23)
2014	(a)	$ 8,030,000	$ 3,655,000
2015	(a)	5,050,000	4,810,000
2017	(a)	3,400,000	2,565,000
2017A		3,915,000	3,665,000
2018		5,365,000	3,400,000
2020		20,510,000	20,410,000
2022		13,660,000	13,660,000
2022A		9,600,000	9,600,000
Total			$ 61,765,000

(a) Unlimited tax refunding bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County	$ 1,770,442,125	7/31/2023	0.17%	$ 3,009,752
Harris County Flood Control District	1,009,015,000	7/31/2023	0.17%	1,715,326
Harris County Department of Education	13,865,000	7/31/2023	0.17%	23,571
Harris County Hospital District	70,970,000	7/31/2023	0.17%	120,649
Port of Houston Authority	445,749,397	7/31/2023	0.17%	757,774
Spring Independent School District	892,170,000	7/31/2023	5.35%	47,731,095
Lone Star College District	584,565,000	7/31/2023	0.36%	2,104,434
Total Estimated Overlapping Debt				$ 55,462,600
The District	78,840,000 (a)	Current	100.00%	78,840,000
Total Direct and Estimated Overlapping Debt				$ 134,302,600

Ratios of Gross Debt and Estimated Overlapping Debt to:
2023 Taxable Assessed Valuation 10.51%
Estimated Taxable Assessed Valuation as of July 1, 2023 .... 9.71%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2022

	2022 Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)	$ 0.53548
Spring Independent School District	1.25460
Harris County ESD No. 7 (a)	0.09390
Lone Star College System	0.10780
Total Overlapping Tax Rate	$ 1.99178
The District (b)	0.67500
Total Tax Rate	$ 2.66678

(a) A portion of the District is within Harris County Emergency Services District No. 11, which has a 2022 tax rate of $0.02934. The overlapping tax rate for the portion of the District in Harris County Emergency Services District No. 11 is $2.602216.
(b) The District has authorized publication of a proposal to levy a total tax rate of $0.675 per $100 of assessed valuation for 2023. In October 2023, the District's Board of Directors will consider the adoption of such tax rate. See "TAX DATA—Tax Rate Distribution." Does not include Defined Area anticipated 2023 tax rate of $0.30 per $100 of assessed valuation on approximately 915 acres within the Defined Area.

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate		Total Tax Levy	Total Collections as of July 31, 2023 (a) Amount	Percent
2018	$ 583,211,655	$ 0.675		$ 3,942,289	$ 3,935,218	99.82%
2019	679,567,041	0.675		4,591,990	4,579,945	99.74%
2020	736,675,301	0.675		4,997,474	4,964,648	99.34%
2021	819,698,098	0.675	(b)	5,563,332	5,525,902	99.33%
2022	1,002,051,207	0.675	(b)	6,775,585	6,640,504	98.01%

(a) Unaudited.
(b) Does not include Defined Area tax rate of $0.30 per $100 assessed valuation, on approximately 915 acres within the Defined Area.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2023 (a)	2022 (b)	2021 (b)	2020	2019
Debt Service	$ 0.450	$ 0.440	$ 0.430	$ 0.425	$ 0.465
Maintenance and Operations	0.225	0.235	0.245	0.250	0.210
Total	$ 0.675	$ 0.675	$ 0.675	$ 0.675	$ 0.675

(a) The District has authorized publication of a proposal to levy a total tax rate of $0.675 per $100 assessed valuation for 2023. In October 2023, the District's Board of Directors will consider the adoption of such tax rate. Does not include Defined Area anticipated 2023 tax rate of $0.30 per $100 of assessed valuation on approximately 915 acres within the Defined Area. The anticipated 2023 total tax rate imposed on property in the Defined area will be $0.975 per $100 assessed valuation.
(b) For tax years 2022 and 2021, the District also levied a Defined Area Tax of $0.30 per $100 assessed valuation within the Defined Area, which was all maintenance and operations tax. The total 2022 and 2021 total tax rates imposed on property in the Defined Area was $0.975 per $100 assessed valuation.

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $0.25 per $100 of taxable assessed valuation.
Additional $0.30 per $100 of taxable assessed valuation in Defined Area.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2022 in the amount of $0.44 per $100 taxable assessed valuation.

Maintenance and Operations 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 vote of the District's electors. On May 2, 1998, the District's voters authorized the Board to levy such a maintenance tax in an amount not to exceed $0.25 per $100 of taxable assessed valuation. The District levied a maintenance tax for 2022 at the rate of $0.235 per $100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Defined Area 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 Defined Area's improvements, if such maintenance tax is authorized by the District's voters. At an election held May 1, 2021, the Board was authorized to levy such a maintenance tax in an amount not to exceed $0.30 per $100 of taxable assessed valuation in accordance with the constitution and laws of the state of Texas. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Defined Area bonds, the maintenance tax levied on all property within the District and any additional tax bonds which may be issued in the future. The District levied a maintenance tax in the Defined Area for 2022 at the rate of $0.30 per $100 assessed valuation. See "—Tax Rate Distribution" herein and "DEFINED AREA."

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. The Developers have executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years. The District has adopted a $45,000 homestead exemption for disabled persons or persons over 65 years of age for the 2023 tax year.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established 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 Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the certified portion ($1,155,718,234) of the 2023 Taxable Assessed Valuation of $1,277,652,306. This represents ownership as of January 1, 2023. An accurate principal taxpayer list related to the uncertified portion ($121,934,072) of the 2023 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2023, is not available as of the date hereof.

Taxpayer	Type of Property	2023 Certified Taxable Assessed Valuation	% of 2023 Certified Taxable Assessed Valuation
DR Horton Texas Ltd. (a)	Land & Improvements	$ 19,892,376	1.72%
FKH SFR PROPCO B HLD LP	Land & Improvements	5,989,828	0.52%
Long Lake LTD (a)	Land & Improvements	5,107,840	0.44%
Centerpoint Energy Houston Electric	Electric Utility	4,736,720	0.41%
CET Limited	Land & Improvements	3,962,808	0.34%
Aldine Investor LLC	Gas Station	3,352,357	0.29%
Cypresswood Entrepreneurs LLC	Gas Station	3,342,267	0.29%
Texas 35 Enterprises Inc.	Land & Improvements	3,246,999	0.28%
Woodmere Development Co. Ltd. (a)	Land & Improvements	3,234,156	0.28%
Tricon SFR 2020 2 Borrower LLC	Land & Improvements	2,837,779	0.25%
Total		$ 55,703,130	4.82%

(a) See "The DEVELOPERS AND MAJOR LANDOWNERS."

Summary of Assessed Valuation

The following summary of the 2023, 2022 and 2021 Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2023, 2022 and 2021 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data. An accurate breakdown of the uncertified portion ($121,934,072) of the 2023 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2023, is not available as of the date hereof.

	2023 Taxable Assessed Value	2022 Taxable Assessed Value	2021 Taxable Assessed Value
Land	$ 282,118,830	$ 240,183,721	$ 182,301,756
Improvements	1,158,376,007	1,017,222,808	815,198,002
Personal Property	17,884,986	20,000,857	16,839,891
Exemptions	(302,661,589)	(275,224,411)	(194,621,741)
Total Certified	$ 1,155,718,234	$ 1,002,182,975	$ 819,717,908
Uncertified Value	121,934,072	-	-
Total	$ 1,277,652,306	$ 1,002,182,975	$ 819,717,908

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2023 Taxable Assessed Valuation of $1,277,652,306 ($1,155,718,234 certified plus $121,934,072 uncertified) or Estimated Taxable Assessed Valuation as of July 1, 2023 of $1,382,714,696, no use of available funds, and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Outstanding Bonds and the Bonds.

Maximum annual debt service requirement (2025) $5,772,775
$0.48 tax rate on the 2023 Taxable Assessed Valuation
of $1,277,652,306 at a 95% collection rate produces $5,826,095
$0.44 tax rate on the Estimated Taxable Assessed Valuation as of July 1, 2023
of $1,382,714,696 at a 95% collection rate produces $5,779,747

Average annual debt service requirement (2024-2051) $4,144,893
$0.35 tax rate on the 2023 Taxable Assessed Valuation
of $1,277,652,306 at a 95% collection rate produces $4,248,194
$0.32 tax rate on the Estimated Taxable Assessed Valuation as of July 1, 2023
of $1,382,714,696 at a 95% collection rate produces $4,203,453

No representation or suggestion is made that the uncertified portion of the 2023 Taxable Assessed Valuation or the estimates of values of land and improvements provided by the Appraisal District as of July 1, 2023 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds, 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 Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations 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 of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous 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, of between $3,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1.

Freeport Goods and Goods-in-Transit Exemptions: 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 of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City of Houston (if it were to annex the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. 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. 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 (3) years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal 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 also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which 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.

Tax Payment Installations After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

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 June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more 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: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The District is designated as a Developing District for 2023. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2022." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." 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 cost of suit and sale, 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 or interest on delinquent taxes 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. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

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WATER AND SEWER OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for fiscal years March 31, 2019 through 2023. Reference is made to such statements and records for further and more complete information.

	Fiscal Year Ended March 31				
	2023	2022	2021	2020	2019
Revenues					
Property Taxes	$ 2,384,230	$ 2,009,981	$ 1,820,638	$ 1,426,385	$ 1,322,068
Water Service	1,375,502	1,181,376	1,336,843	1,311,192	1,232,704
Wastewater Service	1,757,960	1,468,816	1,418,921	1,282,058	1,225,832
Sales Tax Receipts	67,368	67,579	52,330	46,166	41,746
Regional Water Authority Fee	1,899,711	1,590,450	1,560,479	1,354,358	1,227,114
Penalty and Interest	177,576	103,227	108,745	90,195	77,533
Tap Connection and Inspection Fees	1,016,396	587,096	94,110	146,495	287,480
Investment Revenues	215,738	13,076	18,004	148,358	152,396
Miscellaneous	121,961	216,191	44,962	2,866	30,730
Total Revenues	$ 9,016,442	$ 7,237,792	$ 6,455,032	$ 5,808,073	$ 5,597,603
Expenditures					
Professional Fees	$ 391,833	$ 356,397	$ 407,739	$ 381,349	$ 163,647
Contracted Services	2,203,768	1,968,063	1,827,011	1,656,741	1,671,458
Utilities	228,316	208,443	209,439	206,281	212,085
Regional Water Authority Assessment	1,950,912	1,644,252	1,596,034	1,409,701	1,223,065
Repairs and Maintenance	1,394,467	546,774	650,878	672,862	588,201
Other	947,161	698,113	455,801	708,395	358,335
Bond Issuance Costs	-	-	21,723	-	-
Capital Outlay	329,165	1,284,326	2,274,931 (a)	647,474	501,040
Total Expenditures	$ 7,445,622	$ 6,706,368	$ 7,443,556	$ 5,682,803	$ 4,717,831
Revenues Over (Under) Expenditures	$ 1,570,820	$ 531,424	$ (988,524)	$ 125,270	$ 879,772
Other Sources (Interfund Transfer)	$ 13,368	$ -	$ 182,647	$ -	$ -
Fund Balance (Beginning of Year)	$ 8,400,424	$ 7,869,000	$ 8,674,877	$ 8,549,607	$ 7,669,835
Fund Balance (End of Year)	$ 9,984,612	$ 8,400,424	$ 7,869,000	$ 8,674,877	$ 8,549,607

(a) Capital expenditures related to hydro tank recoating, detention pond rehabilitation, improvements to Lift Station No.3 and Force main, sanitary sewer rehabilitation, wastewater treatment plant expansion clearing and grubbing, boost bump at water plant and engineering expenses.

DEBT SERVICE REQUIREMENTS

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

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2023	$ 3,399,518 (a)				$ 3,399,518
2024	4,209,118		$ 794,985	$ 794,985	5,004,103
2025	3,818,463	$ 1,100,000	854,313	1,954,313	5,772,775
2026	3,724,853	1,000,000	780,063	1,780,063	5,504,915
2027	3,621,759	125,000	712,563	837,563	4,459,322
2028	3,562,369	125,000	704,125	829,125	4,391,494
2029	3,557,394	125,000	695,688	820,688	4,378,081
2030	3,521,767	150,000	687,250	837,250	4,359,017
2031	3,504,381	150,000	679,375	829,375	4,333,756
2032	3,451,506	200,000	671,500	871,500	4,323,006
2033	3,446,019	200,000	661,000	861,000	4,307,019
2034	3,334,294	300,000	652,500	952,500	4,286,794
2035	3,298,169	325,000	639,750	964,750	4,262,919
2036	3,295,606	325,000	625,938	950,938	4,246,544
2037	3,245,969	375,000	612,125	987,125	4,233,094
2038	3,205,219	400,000	595,250	995,250	4,200,469
2039	3,170,969	425,000	577,250	1,002,250	4,173,219
2040	3,110,969	500,000	558,125	1,058,125	4,169,094
2041	3,053,906	550,000	534,375	1,084,375	4,138,281
2042	2,996,844	600,000	508,250	1,108,250	4,105,094
2043	2,962,063	650,000	479,750	1,129,750	4,091,813
2044	2,901,438	700,000	448,875	1,148,875	4,050,313
2045	2,840,813	750,000	415,625	1,165,625	4,006,438
2046	1,779,875	1,100,000	380,000	1,480,000	3,259,875
2047	1,725,500	1,200,000	327,750	1,527,750	3,253,250
2048	1,671,125	1,300,000	270,750	1,570,750	3,241,875
2049	1,615,844	1,400,000	209,000	1,609,000	3,224,844
2050	1,560,563	1,500,000	142,500	1,642,500	3,203,063
2051	1,505,281	1,500,000	71,250	1,571,250	3,076,531
Total	$ 87,091,590	$ 17,075,000	$ 15,289,923	$ 32,364,923	$ 119,456,513

(a) Excludes the April 1, 2023 debt service payment of $822,990.

Average Annual Debt Service Requirements (2024-2051) $4,144,893
Maximum Annual Debt Service Requirements (2025) $5,772,775

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that taxable property within the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "—Registered Owners' Remedies and Bankruptcy Limitations" herein.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of commercial properties and from single-family residences and developed lots which are owned by the Developers or homebuilders. The market value of such properties is related to general economic conditions affecting the demand for properties. Demand for commercial projects and lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability the Developers to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 23 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of the District's taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or a decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, the District will increase or maintain its taxable value.

Maximum Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2023 Taxable Assessed Valuation is $1,277,652,306 ($1,155,718,234 certified plus $121,934,072 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be $5,772,775 (2025) and the average annual debt service requirement will be $4,144,893 (2024-2051). Assuming no increase or decrease from the 2023 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.48 and $0.35 per $100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of July 1, 2023, is $1,382,714,696. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 1, 2023, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.44 and $0.32 per $100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS." Although calculations have been made regarding the tax rate necessary to pay the maximum and average annual debt service on the Bonds based upon the 2023 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2023, the District can make no representations regarding the future level of assessed valuation within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $15,140,000 principal amount of bonds for the purpose of constructing and/or acquiring water, sanitary sewer and drainage facilities and $10,794,146.76 principal amount of bonds for refunding outstanding bonds of the District, which have been authorized at elections held within the District and such additional bonds as may be voted hereafter. The issuance of such future obligations may adversely affect the investment security of the Bonds. After reimbursement with proceeds from the Bonds, the District will owe approximately $13,520,000 (as of August 1, 2023) to the Developers for advances made for the construction of utilities. The District intends to issue additional bonds in order to fully reimburse the various developers and to develop the remainder of the undeveloped but developable land. Pursuant to an agreement between the Developers and the District, a portion of the amount due will be paid from Defined Area bond proceeds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District for water, sanitary sewer, and drainage facilities, however, must be approved by the TCEQ, the Attorney General of Texas and the Board of the District. See "THE SYSTEM—Water, Sanitary Sewer and Drainage Facilities."

The District may also issue additional bonds in the Defined Area, subject to the authorization of the Defined Area voters and the approval of the Commission. Defined Area voters have authorized $100,000,000 in principal amount of unlimited tax bonds for Defined Area projects and $40,000,000 in principal amount of unlimited tax bonds for the purpose of refunding such bonds, all of which remains unissued. See "DEFINED AREA."

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 state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

A district may not be forced into bankruptcy involuntarily.

Specific Flood Type Risks

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

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

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 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 Engineer, the District's System did not sustain any material damage, there was no interruption of water and sewer service, and no homes or commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Potential Effects of Oil Price Volatility 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 or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

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 Service Area. 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 two separate federal ozone standards: the 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.

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. 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 "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. 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) ("CGP"), with an effective date of March 5, 2023, 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. The CGP 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.

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution 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 agreement with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

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 description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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 the Initial Purchaser 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 principal and interest on the Bonds and the claims-paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT—General," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes 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.

Allen Boone Humphries Robinson LLP also serves as General Counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with 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. The legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds are not "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.00% of the principal amount thereof which resulted in a net effective interest rate of 4.924111% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the issue of Bonds with the understanding that upon delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. S&P has also assigned an underlying rating of "A" to the Bonds. An explanation of the ratings may be obtained from S&P. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At June 30, 2023:

- The policyholders' surplus of AGM was approximately $2,702 million.

- The contingency reserve of AGM was approximately $894 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,089 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023).

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Vogler & Spencer Engineering, Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Harris Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Harris County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Equi-Tax, Inc., and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending March 31, 2023, were audited by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended March 31, 2023.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the registered 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 certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "THE SYSTEM," "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," and in APPENDIX A (Financial Statements of the District and certain supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2024. Any financial statements provided by the District 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 year to the MSRB within such six month period and audited financial statements when the audit becomes available.

The District's current fiscal year end is March 31. Accordingly, it must provide updated information by September 30 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 specified 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 status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any 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, operational data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered 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 the 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 the Rule, taking into account any amendments or interpretations of the Rule 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule 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 Initial Purchaser 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 complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 82, as of the date shown on the cover page.

/s/ Jerry Chesnutt
President, Board of Directors
Harris County Municipal Utility District No. 82

ATTEST:

/s/ Jack Abercia, Jr.
Secretary, Board of Directors
Harris County Municipal Utility District No. 82

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of July 2023)


N
HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 82

PHOTOGRAPHS OF THE DISTRICT
(Taken July 2023)


1915


Kingspan
GreenGuard
4255


CVS pharmacy
CVS pharmacy


STATE INSPECTIONS
24010
A-Z AUTO REPAIR
ENGINE DIAGNOSTICS
SUSPENSION
TUNE-UP
A/C REPAIR
BRAKE CHECK
OIL CHANGE


Chevron
BUZZIN
EL NORTENO

APPENDIX A

District Audited Financial Statements for the fiscal year ended March 31, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2023

T A B L E O F C O N T E N T S

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 82
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. 82 (the "District") as of and for the year ended March 31, 2023, 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 March 31, 2023, 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. 82

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

June 26, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2023

Management's discussion and analysis of Harris County Municipal Utility District No. 82's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the 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 like 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 all the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial 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 period. 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"). The 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, assets and deferred outflows of resources exceeded liabilities by $7,783,819 as of March 31, 2023.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services. The following is a comparative analysis of the government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2023	2022	Change Positive (Negative)
Current and Other Assets	$ 31,029,986	$ 28,471,658	$ 2,558,328
Capital Assets (Net of Accumulated Depreciation)	58,338,926	38,805,112	19,533,814
Total Assets	$ 89,368,912	$ 67,276,770	$ 22,092,142
Deferred Outflows of Resources	$ 449,997	$ 503,023	$ (53,026)
Long-Term Liabilities	$ 59,358,206	$ 52,190,494	$ (7,167,712)
Other Liabilities	22,676,884	4,588,490	(18,088,394)
Total Liabilities	$ 82,035,090	$ 56,778,984	$ (25,256,106)
Net Position:			
Net Investment in Capital Assets	$ (9,317,510)	$ (3,150,121)	$ (6,167,389)
Restricted	6,909,093	5,657,248	1,251,845
Unrestricted	10,192,236	8,493,682	1,698,554
Total Net Position	$ 7,783,819	$ 11,000,809	$ (3,216,990)

The following table provides a summary of the District's operations for the fiscal years ended March 31, 2023, and March 31, 2022.

Summary of Changes in the Statement of Activities

	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	$ 6,939,013	$ 5,542,326	$ 1,396,687
Charges for Services	6,298,523	4,972,321	1,326,202
Other Revenues	882,345	325,952	556,393
Total Revenues	$ 14,119,881	$ 10,840,599	$ 3,279,282
Expenses for Services	17,336,871	11,108,455	(6,228,416)
Change in Net Position	$ (3,216,990)	$ (267,856)	$ (2,949,134)
Net Position, Beginning of Year	11,000,809	11,268,665	(267,856)
Net Position, End of Year	$ 7,783,819	$ 11,000,809	$ (3,216,990)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2023, were $27,448,560, an increase of $1,385,171 from the prior year.

The General Fund fund balance increased by $1,584,188, primarily due to property tax revenues and service revenues exceeding service operation costs and capital outlay.

The Debt Service Fund fund balance increased by $1,101,722, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $1,300,739, primarily due to the use of Series 2022A bonds proceeds and prior year bond proceeds to fund current year capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget during the current fiscal year. The budget was amended to increase the budgeted amount for property tax revenues and interest revenues. Actual revenues were $1,617,109 more than budgeted revenues, actual expenditures were $788,952 more than budgeted expenditures and actual transfers were less than budgeted transfers by $119,238, which resulted in a positive variance of $708,919. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of March 31, 2023, total $58,338,926 (net of accumulated depreciation) and include the water and wastewater systems. Significant capital asset activity during the current year includes construction and engineering costs for: wastewater treatment plant expansion, water plant no. 4 construction, Bradbury Forest, Section 10 water, wastewater and drainage facilities; Breckenridge East detention basin and clearing and grubbing; Breckenridge Park West, Section 2 water, wastewater and drainage facilities and lift station; fence replacement at water plant no. 1 and no. 3; Aldine Westfield waterline extension; Pine Grove Section 2 and Breckendridge East, Section 1, 3, 4 and 5, water, wastewater and drainage facilities.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 4,337,395	$ 4,337,395	$
Construction in Progress	14,516,244	6,262,838	8,253,406
Capital Assets, Net of Accumulated Depreciation:			
Water System	9,801,573	8,038,820	1,762,753
Wastewater System	19,036,961	15,950,085	3,086,876
Detention Facilities	10,646,753	4,215,974	6,430,779
Total Net Capital Assets	$ 58,338,926	$ 38,805,112	$ 19,533,814

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

As of March 31, 2023, the District had total bond debt payable of $61,765,000. The changes in the debt position of the District during the year ended March 31, 2023, are summarized as follows:

Bond Debt Payable, April 1, 2022	$ 53,850,000
Add: Bond Sale - Series 2022A	9,600,000
Less: Bond Principal Paid	1,685,000
Bond Debt Payable, March 31, 2023	$ 61,765,000

The District's underlying rating is "A-" by Standard and Poor's Rating Agency. The Series 2017 Refunding and Series 2020 bonds carry an "AA" rating by virtue of bond insurance issued by Build American Mutual Assurance Company. The Series 2014 Refunding and Series 2015 Refunding bonds are non-rated. The Series 2017A bonds were originally insured by virtue of bond insurance issued by National Public Finance Group. National Public Finance Group's rating has been withdrawn. The Series 2018, Series 2022 and Series 2022A bonds carry an "AA" rating by virtue of bond insurance issues by Assured Guaranty Municipal. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The ratings above include all changes to ratings of bond insurers through March 31, 2023.

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. 82, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 644,278	$ 169,299
Investments	9,085,399	6,746,077
Receivables:		
Property Taxes	207,624	292,850
Penalty and Interest on Delinquent Taxes		
Service Accounts	926,648	
Accrued Interest	5,859	6,803
Due from Other Funds	134,557	
Prepaid Costs	258,668	
Due from Other Governmental Units	16,057	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 11,279,090	$ 7,215,029
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 11,279,090	$ 7,215,029

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 740	$ 814,317	$	$ 814,317
12,606,008	28,437,484		28,437,484
	500,474		500,474
		63,676	63,676
	926,648		926,648
	12,662		12,662
	134,557	(134,557)	
	258,668		258,668
	16,057		16,057
		4,337,395	4,337,395
		14,516,244	14,516,244
		39,485,287	39,485,287
$ 12,606,748	$ 31,100,867	$ 58,268,045	$ 89,368,912
$ - 0 -	$ - 0 -	$ 449,997	$ 449,997
$ 12,606,748	$ 31,100,867	$ 58,718,042	$ 89,818,909

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 563,496	$
Accrued Interest on Compound Interest Bonds		
Due to Developers	1,500	
Due to Other Funds		131,040
Due to Taxpayers		5,419
Security Deposits	521,858	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 1,086,854	$ 136,459
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 207,624	$ 292,850
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 258,668	$
Restricted for Authorized Construction		
Restricted for Defined Area	92,481	
Restricted for Debt Service		6,785,720
Unassigned	9,633,463	
TOTAL FUND BALANCES	$ 9,984,612	$ 6,785,720
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,279,090	$ 7,215,029
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,925,003	$ 2,488,499	$	$ 2,488,499
		233,153	233,153
	1,500	16,926,455	16,927,955
3,517	134,557	(134,557)	
	5,419		5,419
	521,858		521,858
		2,500,000	2,500,000
		59,358,206	59,358,206
$ 1,928,520	$ 3,151,833	$ 78,883,257	$ 82,035,090
$ - 0 -	$ 500,474	$ (500,474)	$ - 0 -
$	$ 258,668	$ (258,668)	$
10,678,228	10,678,228	(10,678,228)	
	92,481	(92,481)	
	6,785,720	(6,785,720)	
	9,633,463	(9,633,463)	
$ 10,678,228	$ 27,448,560	$ (27,448,560)	$ - 0 -
$ 12,606,748	$ 31,100,867		
		$ (9,317,510)	$ (9,317,510)
		6,909,093	6,909,093
		10,192,236	10,192,236
		$ 7,783,819	$ 7,783,819

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2023

Total Fund Balances - Governmental Funds		$ 27,448,560
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		58,338,926
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		449,997
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		564,150
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	$ (16,926,455)	
Accrued Interest on Compound Interest Bonds	(233,153)	
Bonds Payable Within One Year	(2,500,000)	
Bonds Payable After One Year	(59,358,206)	(79,017,814)
Total Net Position - Governmental Activities		$ 7,783,819

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 2,384,230	$ 4,286,980
Water Service	1,375,502	
Wastewater Service	1,757,960	
Sales Tax Receipts	67,368	
Regional Water Authority Fees	1,899,711	
Penalty and Interest	177,576	45,959
Tap Connection and Inspection Fees	1,016,396	
Investment Revenues	215,738	142,884
Miscellaneous Revenues	121,961	5,601
TOTAL REVENUES	$ 9,016,442	$ 4,481,424
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 391,833	$ 13,930
Contracted Services	2,203,768	111,763
Utilities	228,316	
Regional Water Authority Assessment	1,950,912	
Repairs and Maintenance	1,394,467	
Depreciation		
Developer Interest		
Other	947,161	28,386
Capital Outlay	329,165	
Conveyance of Assets		
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,685,000
Bond Interest		1,540,623
TOTAL EXPENDITURES/EXPENSES	$ 7,445,622	$ 3,379,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,570,820	$ 1,101,722
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ 13,368	$
Long-Term Debt Issued		
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ 13,368	$ -0-
NET CHANGE IN FUND BALANCES	$ 1,584,188	$ 1,101,722
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2022	8,400,424	5,683,998
FUND BALANCES/NET POSITION - MARCH 31, 2023	$ 9,984,612	$ 6,785,720

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 6,671,210	$ 267,803	$ 6,939,013
	1,375,502		1,375,502
	1,757,960		1,757,960
	67,368		67,368
	1,899,711		1,899,711
	223,535	25,419	248,954
	1,016,396		1,016,396
328,793	687,415		687,415
	127,562		127,562
$ 328,793	$ 13,826,659	$ 293,222	$ 14,119,881
$ 27,488	$ 433,251	$	$ 433,251
927	2,316,458		2,316,458
	228,316		228,316
	1,950,912		1,950,912
	1,394,467		1,394,467
		1,060,087	1,060,087
152,061	152,061		152,061
652	976,199		976,199
10,210,854	10,540,019	(9,693,788)	846,231
		5,464,613	5,464,613
904,025	904,025		904,025
	1,685,000	(1,685,000)	
	1,540,623	69,628	1,610,251
$ 11,296,007	$ 22,121,331	$ (4,784,460)	$ 17,336,871
$ (10,967,214)	$ (8,294,672)	$ 5,077,682	$ (3,216,990)
$ (13,368)	$	$	$
9,600,000	9,600,000	(9,600,000)	
(21,465)	(21,465)	21,465	
101,308	101,308	(101,308)	
$ 9,666,475	$ 9,679,843	$ (9,679,843)	$ -0-
$ (1,300,739)	$ 1,385,171	$ (1,385,171)	$
		(3,216,990)	(3,216,990)
11,978,967	26,063,389	(15,062,580)	11,000,809
$ 10,678,228	$ 27,448,560	$ (19,664,741)	$ 7,783,819

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

Net Change in Fund Balances - Governmental Funds	$	1,385,171
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		267,803
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.		25,419
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.		(1,060,087)
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, net any assets conveyed to others, and the Statement of Activities is not affected.		4,229,175
Governmental funds report bond premiums and discounts as other financing sources and uses in the period received or paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current period amortized portion is recorded in the Statement of Activities.		(79,843)
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.		1,685,000
Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(69,628)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(9,600,000)
Change in Net Position - Governmental Activities	$	(3,216,990)

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 82 of Harris County, Texas (the "District") was created effective May 30, 1973, by an Order of the Texas Water Rights Commission presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 4, 1973, and the first bonds were sold September 23, 1974.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current period 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 to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due. The District has applied a current accounting standard that provides for an exception to the basic concept that general long-term indebtedness is not reported as an expenditure until the amount becomes due and payable. This exception allows the District to record the April 1, 2023, debt service payments as expenditures during the current year.

Property taxes considered available by the District and included in revenue include taxes collected during the current year and taxes collected after March 31, 2023, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

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 March 31, 2023, the District recorded liabilities of $131,040 in the Debt Service Fund for the collection of maintenance tax revenues due to the General Fund; $3,517 in the Capital Projects Fund for bond issuance costs paid from the General Fund. The Capital Projects Fund transferred $13,368 to the General Fund for prior year bond application fees.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, 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 $25,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, 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 fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2023:

	April 1, 2022	Additions	Retirements	March 31, 2023
Bonds Payable	$ 53,850,000	$ 9,600,000	$ 1,685,000	$ 61,765,000
Unamortized Discounts	(527,257)	(21,465)	(23,719)	(525,003)
Unamortized Premiums	552,751	101,308	35,850	618,209
Bonds Payable, Net	$ 53,875,494	$ 9,679,843	$ 1,697,131	$ 61,858,206

Amount Due Within One Year	$ 2,500,000
Amount Due After One Year	59,358,206
Bonds Payable, Net	$ 61,858,206

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2014	Refunding Series 2015	Series 2017A
Amount Outstanding – March 31, 2023	$3,655,000	$4,810,000	$3,665,000
Interest Rates	2.52%	2.77%	3.00% - 3.375%
Maturity Dates – Serially Beginning/Ending	October 1, 2023/2026	October 1, 2023/2030	October 1, 2023/2037
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	October 1, 2021*	October 1, 2020*	October 1, 2024*

	Refunding Series 2017		
	Bonds	Premium Compound Interest Bond**	Series 2018
Amount Outstanding – March 31, 2023	$2,000,000	$565,000	$3,400,000
Interest Rates	3.00% - 4.00%	5.319571%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	October 1, 2023/2030, 2032/2033	October 1, 2031	October 1, 2023/2039
Interest Payment Dates	April 1/ October 1	October 1, 2031	April 1/ October 1
Callable Dates	October 1, 2024*	October 1, 2024*	October 1, 2023*

* At the option of the District, in whole or in part, on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2015 term bonds maturing October 1, 2030, are subject to mandatory redemption beginning October 1, 2015. Series 2017 Refunding term bonds maturing October 1, 2030 are subject to mandatory redemption beginning October 1, 2024. Series 2017A term bonds maturing October 1, 2027, October 1, 2029 and October 1, 2032, are subject to mandatory redemption beginning October 1, 2025, October 1, 2028, and October 1, 2030, respectively. Series 2018 term bonds maturing October 1, 2031 and 2033 are subject to mandatory redemption beginning October 1, 2030 and 2032, respectively. The Series 2014 Refunding bonds and the Series 2015 Refunding bonds are private placement bonds.

** The par value of these bonds is $565,000 and the maturity value is $1,090,000. Interest on these bonds will be paid at maturity. Accrued interest of $233,153 has been recorded as a liability in Statement of Net Position.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020	Series 2022	Series 2022A
Amount Outstanding – March 31, 2023	$20,410,000	$13,660,000	$9,600,000
Interest Rates	2.00% - 4.00%	2.00% - 4.00%	4.00% - 6.25%
Maturity Dates – Serially Beginning/Ending	October 1, 2023/2045	October 1, 2023/2051	October 1, 2025/2051
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	October 1, 2025*	October 1, 2027*	October 1, 2028*

* At the option of the District, in whole or in part, on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2020 term bonds maturing October 1, 2045 are subject to mandatory redemption beginning October 1, 2043. The Series 2022 term bonds maturing October 1, 2044, 2047 and 2051 are subject to mandatory redemption beginning October 1, 2043, 2045 and 2048, respectively. The Series 2022A term bonds maturing October 1, 2040, 2042, 2044, 2047 and 2051 are subject to mandatory redemption beginning October 1, 2039, 2041, 2043, 2045 and 2048, respectively.

As of March 31, 2023, the District had authorized but unissued bonds in the amount of $32,215,000 for utility facilities and $10,794,147 for refunding bonds.

As of March 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 2,500,000	$ 1,759,076	$ 4,259,076
2025	2,490,000	1,678,792	4,168,792
2026	2,180,000	1,601,658	3,781,658
2027	2,160,000	1,530,805	3,690,805
2028	2,125,000	1,462,065	3,587,065
2029-2033	10,535,000	6,914,241	17,449,241
2034-2038	11,625,000	4,832,155	16,457,155
2039-2043	12,100,000	3,291,330	15,391,330
2044-2048	10,250,000	1,814,218	12,064,218
2049-2052	5,800,000	442,250	6,242,250
	$ 61,765,000	$ 25,326,590	$ 87,091,590

NOTE 3. LONG-TERM DEBT (Continued)

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 March 31, 2023, the District levied an ad valorem debt service tax rate of $0.44 per $100 of assessed valuation, which resulted in a tax levy of $4,410,262 on the adjusted taxable valuation of $1,002,332,339 for the 2022 tax year.

The bond resolutions 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. See Note 7 for the maintenance tax levy.

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

Defined Area No. 1

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area. On February 9, 2021, the District approved the creation of a defined area (the "Defined Area No. 1").

At an election within the District on May 1, 2021, the voters authorized $100,000,000 principal amount of bonds to finance water, wastewater and drainage improvements within the Defined Area No. 1 and $40,000,000 principal amount of bonds for refunding purposes. Any bonds issued for the Defined Area No. 1 shall be payable solely from a tax levied within the boundaries of the Defined Area No. 1 and not on any other part of the District. During the fiscal year ended March 31, 2023, the District did not levy an ad valorem debt service tax for the 2022 tax year.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that in the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS (Continued)

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

In accordance with the Series 2022 bond orders, a portion of the bond proceeds was deposited into the Debt Service Fund and restricted for the payment of the bond interest. Transactions for the current year are summarized as follows:

Restricted for Bond Interest, April 1, 2022	$	360,587
Less: Bond Interest Paid - Series 2022		360,587
Restricted for Bond Interest, March 31, 2023	$	- 0 -

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 March 31, 2023, the carrying amount of the District's deposits was $2,704,317 and the bank balance was $3,574,899. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 644,278	$ 710,000	$ 1,354,278
DEBT SERVICE FUND	169,299	1,180,000	1,349,299
CAPITAL PROJECTS FUND	740		740
TOTAL DEPOSITS	$ 814,317	$ 1,890,000	$ 2,704,317

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District records certificates of deposit at acquisition cost.

As of March 31, 2023, the District had the following investments and maturities:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
Texas CLASS	$ 8,375,399	$ 8,375,399	$	$	$
Certificates of Deposit	710,000	710,000			
DEBT SERVICE FUND					
Texas CLASS	5,566,077	5,566,077			
Certificates of Deposit	1,180,000	1,180,000			
CAPITAL PROJECTS FUND					
Texas CLASS	12,606,008	12,606,008			
TOTAL INVESTMENTS	$ 28,437,484	$ 28,437,484	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2023, the District's investment in Texas CLASS was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposits with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of 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. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023:

	April 1, 2022	Increases	Decreases	March 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 4,337,395	$	$	$ 4,337,395
Construction in Progress	6,262,838	20,593,901	12,340,495	14,516,244
Total Capital Assets Not Being Depreciated	$ 10,600,233	$ 20,593,901	$ 12,340,495	$ 18,853,639
Capital Assets Subject to Depreciation				
Water System	$ 13,070,365	$ 2,121,015	$	$ 15,191,380
Wastewater System	20,935,970	3,578,925		24,514,895
Detention Facilities	4,429,918	6,640,555		11,070,473
Total Capital Assets Subject to Depreciation	$ 38,436,253	$ 12,340,495	$ - 0 -	$ 50,776,748
Less Accumulated Depreciation				
Water System	$ 5,031,545	$ 358,262	$	$ 5,389,807
Wastewater System	4,985,885	492,049		5,477,934
Detention Facilities	213,944	209,776		423,720
Total Accumulated Depreciation	$ 10,231,374	$ 1,060,087	$ - 0 -	$ 11,291,461
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 28,204,879	$ 11,280,408	$ - 0 -	$ 39,485,287
Total Capital Assets, Net of Accumulated Depreciation	$ 38,805,112	$ 31,874,309	$ 12,340,495	$ 58,338,926

NOTE 7. MAINTENANCE TAX

On May 2, 1998, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended March 31, 2023, the District levied an ad valorem maintenance tax rate of $0.235 per $100 of assessed valuation, which resulted in a tax levy of $2,355,481 on the adjusted taxable valuation of $1,002,332,339 for the 2022 tax year.

On May 1, 2021, the voters of the Defined Area No. 1 approved the levy and collection of a maintenance tax not to exceed $0.30 per $100 of assessed valuation for property within the Defined Area No. 1. During the fiscal year ended March 31, 2023, the District levied an ad valorem maintenance tax of $0.30 per $100 of assessed valuation within the Defined Area No. 1, which resulted in a total tax levy of $117,279 on the adjusted taxable valuation of $37,782,472 for the 2022 tax year.

NOTE 8. EMERGENCY WATER SUPPLY CONTRACTS

On May 27, 1981, the District entered into an Emergency Water Supply Contract with Timber Lane Utility District. The rate to be charged by each district will be $0.50 per 1,000 gallons of water supplied. The term of this agreement is ten (10) years. This contract expired in May of 1991. On April 23, 2001, the Amendment to Emergency Water Supply Contract was approved. This amendment noted the expiration of the earlier agreement and the desire of the districts to continue and amend the contract to provide for the ongoing maintenance of the interconnect facilities. In accordance with this amendment, the districts agreed to share the cost of the maintenance and operations of the interconnect facilities on a 50/50 basis. The term of the agreement was extended to December 31, 2041. On May 22, 2006, the Second Amendment to Emergency Water Supply Contract was approved. This amendment noted that the point of interconnect between the districts would be changed. It also noted that the rate to be charged by each district will now be $0.75 per 1,000 gallons, plus an additional flat rate water fee based on the amount of the North Harris County Regional Water Authority pumpage fee.

On January 28, 2008, the District entered into an Emergency Water Supply Agreement with Harris County Municipal Utility District No. 43 (District No. 43). In accordance with the agreement, the interconnect will be constructed with District No. 43 paying all the costs related to the interconnect. The rate charged by the receiving district will be $0.75 per 1,000 gallons, plus the then current pumpage fees charged by the North Harris County Regional Water Authority. The term of the agreement is 40 years and shall automatically thereafter for successive five-year terms, unless notice of non-renewal is provided to the other party at least nine months prior to the commencement of the renewal term.

On December 17, 2009, the District executed an emergency interconnect agreement with Post Wood Municipal Utility District (Post Wood) and Tattor Road Municipal Utility District (Tattor Road) to provide for the construction of an interconnect water line from within the District to the District's boundary, along with the meter and meter vault, if required by the City of Houston, and connection and flushing valves located on either side of the point of connection. The purpose of the interconnect line is to provide water to Post Wood and Tattor Road on an emergency basis. The agreement provided that the Post Wood split the costs of the Post Wood portion of the line on a 50/50 basis with Tattor Road. The District, Post Wood, and Tattor Road will share one-third each of any costs relating to the meter. On August 24, 2020, the First Amendment to Emergency Interconnect Agreement was approved. This amendment allows for the relocation of the existing point of interconnect to allow the District to provide water to a newly annexed area of the District. The District agrees to reimburse Post Wood and Tattor Road $74,565 to fully compensate each district for its cost of the Post Wood water line. During a prior fiscal year, the District reimbursed Post Wood and Tattor Road $74,565 each related to this agreement.

NOTE 9. UNREIMBURSED COSTS

The District has executed various agreements for financing of facilities with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. As of March 31, 2023, the District has recorded a liability of $16,926,455 for completed projects. Any reimbursement is contingent upon future bond sales or use of available surplus funds.

Due to Developer, beginning of year	$	561,729
Additions		16,858,460
Reimbursements		493,734
Due to Developer, end of year	$	16,926,455

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The District is required to convert its water supply to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

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. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee currently being charged is $4.10 per 1,000 gallons of water pumped from each well. The District recorded expenditures of $1,950,912 for fees assessed during the year ended March 31, 2023.

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 13, 2010, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Subject Tract" for the limited purposes described below. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District.

Neither the District nor any owners of taxable property within the District is liable for any present or future debts of the City, and current and future ad valorem taxes levied by the City will not be levied on taxable property within the District. Provisions of the Regulatory Plan adopted by the City will be applicable to the Subject Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation. The qualified voters of the Subject Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Subject Tract. The City's Municipal Courts shall have jurisdiction to adjudicate cases filed under the most current section of the Fire Code banning fireworks.

The City has imposed a sale and use tax within the boundaries of the subject tract upon the limited-purpose annexation of the subject tract. The sales and use tax is imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all sales and use tax revenues generated within the boundaries of the subject tract. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Controller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement. During the year ended March 31, 2023, the District recorded $67,368 of revenue related to this agreement, of which $16,057 was receivable at March 31, 2023.

NOTE 13. BOND SALE

On November 29, 2022, the District closed on its $9,600,000 Unlimited Tax Bonds, Series 2022A. Proceeds from the bond sale were used to reimburse the developer for a portion of construction and engineering costs for: Bradbury Forest, Section 10 water, wastewater and drainage facilities; Breckenridge Park West, Section 2 water, wastewater and drainage facilities; and storm water pollution prevention plan. The District will also use a portion of the bond proceeds to fund costs related to Water Plant No. 4 and the water line extension. Additional proceeds were used to pay for issuance costs of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR YEAR ENDED MARCH 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 2,020,000	$ 2,210,564	$ 2,384,230	$ 173,666
Water Service	1,188,980	1,188,980	1,375,502	186,522
Wastewater Service	1,508,447	1,508,447	1,757,960	249,513
Sales Tax Receipts	63,000	63,000	67,368	4,368
Regional Water Authority Fee	1,622,676	1,622,676	1,899,711	277,035
Penalty and Interest	105,000	105,000	177,576	72,576
Tap Connection and Inspection Fees	505,100	505,100	1,016,396	511,296
Investment Revenues	13,060	130,066	215,738	85,672
Miscellaneous Revenues	65,500	65,500	121,961	56,461
TOTAL REVENUES	$ 7,091,763	$ 7,399,333	$ 9,016,442	$ 1,617,109
EXPENDITURES				
Service Operations:				
Professional Fees	$ 347,500	$ 347,500	$ 391,833	$ (44,333)
Contracted Services	2,110,310	2,110,310	2,203,768	(93,458)
Utilities	211,500	211,500	228,316	(16,816)
Regional Water Authority Assessment	1,954,124	1,954,124	1,950,912	3,212
Repairs and Maintenance	646,500	646,500	1,394,467	(747,967)
Other	783,416	786,736	947,161	(160,425)
Capital Outlay	600,000	600,000	329,165	270,835
TOTAL EXPENDITURES	$ 6,653,350	$ 6,656,670	$ 7,445,622	$ (788,952)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 438,413	$ 742,663	$ 1,570,820	$ 828,157
OTHER FINANCING SOURCES(USES)				
Transfers In / (Out)	$ -0-	$ 132,606	$ 13,368	$ (119,238)
NET CHANGE IN FUND BALANCE	$ 438,413	$ 875,269	$ 1,584,188	$ 708,919
FUND BALANCE - APRIL 1, 2022	8,400,424	8,400,424	8,400,424	
FUND BALANCE - MARCH 31, 2023	$ 8,838,837	$ 9,275,693	$ 9,984,612	$ 708,919

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2023

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control		Roads
	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 3/4" METER (OR EQUIVALENT):

Based on the rate order approved December 19, 2022.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 17.75	3,000	N	$ 1.25	3,001 to 10,000
				$ 1.50	10,001 to 20,000
				$ 2.00	20,001 and up
WASTEWATER:	$ 31.73		Y		
SURCHARGE:					
Solid Waste/ Garbage	Included in wastewater bill				
Commission Regulatory Assessments					
Regional Water Authority Fees			N	$4.92	Each 1,000 gallons over -0- usage
Other (Name)					

District employs winter averaging for wastewater usage? Yes: ____ No: X

Total monthly charges per 10,000 gallons usage: Water: $26.50 Wastewater: $31.73 Surcharge: $49.20

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"	5,139	5,115	x 1.0	5,115
1”	20	19	x 2.5	48
1½”			x 5.0	
2”			x 8.0	
3”			x 15.0	
4”			x 25.0	
6”			x 50.0	
8”			x 80.0	
10”			x 115.0	
Total Water Connections	5,159	5,134		5,163
Total Wastewater Connections	5,101	5,077	x 1.0	5,077

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

Gallons pumped into system:	382,962,000	Water Accountability Ratio: 92.5 % (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	354,571,000	

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 or Counties 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's 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. 82
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2023

PROFESSIONAL FEES:	
Arbitrage	$ 10,000
Auditing	17,750
Engineering	167,416
Legal	196,667
TOTAL PROFESSIONAL FEES	$ 391,833
CONTRACTED SERVICES:	
Bookkeeping	$ 78,154
Operations and Billing	272,465
Security	699,993
Solid Waste Disposal	1,153,156
TOTAL CONTRACTED SERVICES	$ 2,203,768
UTILITIES:	
Electricity	$ 226,969
Telephone	1,347
TOTAL UTILITIES	$ 228,316
REPAIRS AND MAINTENANCE	$ 1,394,467
ADMINISTRATIVE EXPENDITURES:	
Director Fees	$ 27,600
Insurance	32,103
Office Supplies and Postage	57,395
Payroll Taxes	2,111
Election Costs	3,681
Travel and Meetings	13,326
Regional Water Authority Assessment	1,950,912
Other	35,008
TOTAL ADMINISTRATIVE EXPENDITURES	$ 2,122,136

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2023

CAPITAL OUTLAY	$ 329,165
TAP CONNECTIONS	$ 388,555
OTHER EXPENDITURES:	
Chemicals	$ 76,074
Laboratory Fees	39,532
Permit Fees	17,186
Reconnection Fees	34,766
Inspection Fees	99,200
Regulatory Assessment	14,464
Sludge Hauling	106,160
TOTAL OTHER EXPENDITURES	$ 387,382
TOTAL EXPENDITURES	$ 7,445,622

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
INVESTMENTS
MARCH 31, 2023

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 8,312,367	$
Texas CLASS	XXXX0005	Varies	Daily	63,032	
Certificate of Deposit	XXXX0363	3.50%	09/28/23	240,000	4,234
Certificate of Deposit	XXXX5221	4.69%	02/27/24	235,000	966
Certificate of Deposit	XXXX3712	4.65%	03/09/24	235,000	659
TOTAL GENERAL FUND				$ 9,085,399	$ 5,859
DEBT SERVICE FUND					
Texas CLASS	XXXX003	Varies	Daily	$ 5,566,077	$
Certificate of Deposit	XXXX3700	4.50%	03/05/24	235,000	724
Certificate of Deposit	XXXX1791	3.50%	09/26/23	240,000	4,281
Certificate of Deposit	XXXX6034	4.94%	03/22/24	235,000	254
Certificate of Deposit	XXXX5224	4.94%	03/05/24	235,000	795
Certificate of Deposit	XXXX3321	4.65%	03/06/24	235,000	749
TOTAL DEBT SERVICE FUND				$ 6,746,077	$ 6,803
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 2,213,527	$
Texas CLASS	XXXX0004	Varies	Daily	12,500	
Texas CLASS	XXXX0006	Varies	Daily	3,098,429	
Texas CLASS	XXXX0007	Varies	Daily	7,281,552	
TOTAL CAPITAL PROJECTS FUND				$ 12,606,008	$ -0-
TOTAL - ALL FUNDS				$ 28,437,484	$ 12,662

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2023

	Maintenance Taxes		Debt Service Taxes		Defined Area No. 1 - Maintenance Taxes	
TAXES RECEIVABLE -						
APRIL 1, 2022	$ 76,288		$ 139,413		$ 16,970	
Adjustments to Beginning Balance	17,449	$ 93,737	30,155	$ 169,568	8,387	$ 25,357
Original 2022 Tax Levy	$ 2,241,364		$ 4,196,596		$ 17,156	
Adjustment to 2022 Tax Levy	114,117	2,355,481	213,666	4,410,262	100,123	117,279
TOTAL TO BE ACCOUNTED FOR		$ 2,449,218		$ 4,579,830		$ 142,636
TAX COLLECTIONS:						
Prior Years	$ 48,010		$ 84,491		$ 20,974	
Current Year	2,244,511	2,292,521	4,202,489	4,286,980	70,735	91,709
TAXES RECEIVABLE - MARCH 31, 2023		$ 156,697		$ 292,850		$ 50,927
TAXES RECEIVABLE BY YEAR:						
2022		$ 110,970		$ 207,773		$ 46,544
2021		20,210		35,470		4,383
2020		13,976		23,760		
2019		3,747		8,297		
2018		2,484		4,968		
2017		2,626		5,252		
2016		1,179		2,257		
2015		129		232		
2014		94		249		
2013		76		211		
2012		55		173		
2011		39		134		
2010		181		624		
2009		183		709		
2008		183		709		
2007		183		709		
2006		193		705		
2005		189		618		
TOTAL		$ 156,697		$ 292,850		$ 50,927

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2023

	2022	2021	2020	2019
DISTRICT WIDE:				
Land	$ 227,178,264	$ 163,979,921	$ 153,891,690	$ 139,688,495
Improvements	1,016,677,032	815,776,865	734,134,829	658,549,932
Personal Property	31,125,177	30,985,089	23,603,941	11,181,756
Exemptions	(272,648,134)	(190,691,481)	(173,734,644)	(128,223,293)
TOTAL PROPERTY VALUATIONS	$ 1,002,332,339	$ 820,050,394	$ 737,895,816	$ 681,196,890
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.440	$ 0.430	$ 0.425	$ 0.465
Maintenance	0.235	0.245	0.250	0.210
TOTAL TAX RATES PER $100 VALUATION	$ 0.675	$ 0.675	$ 0.675	$ 0.675
ADJUSTED TAX LEVY*	$ 6,765,743	$ 5,535,341	$ 4,980,797	$ 4,600,053
DEFINED AREA NO. 1:				
PROPERTY VALUATIONS	$ 37,782,472	$ 5,718,790	$ - 0 -	$ - 0 -
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Maintenance	0.30	0.30	0.00	0.00
TOTAL TAX RATES PER $100 VALUATION	$ 0.30	$ 0.30	$ 0.00	$ 0.00
ADJUSTED TAX LEVY*	$ 117,279	$ 17,156	$ - 0 -	$ - 0 -
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	94.69 %	98.92 %	99.24 %	99.74 %

* Based upon the 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 $0.25 per $100 of assessed valuation approved by voters on May 2, 1998.

Defined Area No. 1 Maintenance Tax – Maximum tax rate of $0.30 per $100 of assessed valuation approved by voters on May 1, 2021.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

Due During Fiscal Years Ending March 31	SERIES-2014 REFUNDING Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 940,000	$ 80,262	$ 1,020,262
2025	920,000	56,826	976,826
2026	905,000	33,831	938,831
2027	890,000	11,214	901,214
2028			
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2052			
	$ 3,655,000	$ 182,133	$ 3,837,133

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	SERIES-2015 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 30,000	$ 132,821	$ 162,821
2025	230,000	129,221	359,221
2026	270,000	122,295	392,295
2027	265,000	114,886	379,886
2028	1,015,000	97,158	1,112,158
2029	1,000,000	69,250	1,069,250
2030	1,010,000	41,412	1,051,412
2031	990,000	13,711	1,003,711
2032			
2033			
2034			
2035			
2036			
2037			
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2052			
	$ 4,810,000	$ 720,754	$ 5,530,754

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	SERIES-2017 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 230,000	$ 74,250	$ 304,250
2025	30,000	70,200	100,200
2026	30,000	69,000	99,000
2027	30,000	67,800	97,800
2028	35,000	66,500	101,500
2029	35,000	65,100	100,100
2030	35,000	63,700	98,700
2031	40,000	62,200	102,200
2032	565,000	586,400	1,151,400
2033	1,045,000	40,500	1,085,500
2034	490,000	9,800	499,800
2035			
2036			
2037			
2038			
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2041			
2042			
2043			
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2052			
	$ 2,565,000	$ 1,175,450	$ 3,740,450

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	SERIES-2017A		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 50,000	$ 118,987	$ 168,987
2025	50,000	117,488	167,488
2026	50,000	115,987	165,987
2027	50,000	114,488	164,488
2028	125,000	111,862	236,862
2029	125,000	108,113	233,113
2030	125,000	104,362	229,362
2031	140,000	100,213	240,213
2032	100,000	96,312	196,312
2033	100,000	93,062	193,062
2034	550,000	82,500	632,500
2035	550,000	64,625	614,625
2036	550,000	46,406	596,406
2037	550,000	27,844	577,844
2038	550,000	9,281	559,281
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 3,665,000	$ 1,311,530	$ 4,976,530

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	S E R I E S - 2 0 1 8		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 200,000	$ 106,250	$ 306,250
2025	200,000	100,750	300,750
2026	200,000	94,750	294,750
2027	200,000	88,750	288,750
2028	200,000	82,750	282,750
2029	200,000	76,750	276,750
2030	200,000	70,750	270,750
2031	200,000	64,500	264,500
2032	200,000	58,000	258,000
2033	200,000	51,500	251,500
2034	200,000	45,000	245,000
2035	200,000	38,500	238,500
2036	200,000	31,875	231,875
2037	200,000	25,125	225,125
2038	200,000	18,250	218,250
2039	200,000	11,125	211,125
2040	200,000	3,750	203,750
2041			
2042			
2043			
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2045			
2046			
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2052			
	$ 3,400,000	$ 968,375	$ 4,368,375

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	S E R I E S - 2 0 2 0		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 250,000	$ 426,918	$ 676,918
2025	250,000	416,919	666,919
2026	250,000	406,919	656,919
2027	250,000	399,418	649,418
2028	275,000	394,169	669,169
2029	300,000	388,419	688,419
2030	325,000	382,168	707,168
2031	350,000	375,419	725,419
2032	375,000	368,169	743,169
2033	400,000	360,418	760,418
2034	425,000	352,169	777,169
2035	825,000	339,669	1,164,669
2036	850,000	322,918	1,172,918
2037	910,000	305,319	1,215,319
2038	925,000	286,969	1,211,969
2039	1,500,000	262,719	1,762,719
2040	1,525,000	232,469	1,757,469
2041	1,725,000	199,969	1,924,969
2042	1,725,000	165,469	1,890,469
2043	1,725,000	129,891	1,854,891
2044	1,750,000	92,969	1,842,969
2045	1,750,000	55,781	1,805,781
2046	1,750,000	18,594	1,768,594
2047			
2048			
2049			
2050			
2051			
2052			
	$ 20,410,000	$ 6,683,841	$ 27,093,841

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	SERIES-2022		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$ 800,000	$ 344,588	$ 1,144,588
2025	810,000	312,388	1,122,388
2026	225,000	291,688	516,688
2027	225,000	282,687	507,687
2028	225,000	273,688	498,688
2029	225,000	266,938	491,938
2030	250,000	262,188	512,188
2031	250,000	257,187	507,187
2032	250,000	252,187	502,187
2033	250,000	247,188	497,188
2034	400,000	240,688	640,688
2035	450,000	232,187	682,187
2036	450,000	223,187	673,187
2037	450,000	213,906	663,906
2038	450,000	204,062	654,062
2039	450,000	193,938	643,938
2040	450,000	183,813	633,813
2041	450,000	173,406	623,406
2042	450,000	162,719	612,719
2043	450,000	151,750	601,750
2044	450,000	140,500	590,500
2045	450,000	129,250	579,250
2046	450,000	118,000	568,000
2047	725,000	103,312	828,312
2048	725,000	85,187	810,187
2049	725,000	66,609	791,609
2050	725,000	47,578	772,578
2051	725,000	28,547	753,547
2052	725,000	9,516	734,516
	$ 13,660,000	$ 5,498,882	$ 19,158,882

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	S E R I E S - 2 0 2 2 A		
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due April 1/ October 1	Total
2024	$	$ 475,000	$ 475,000
2025		475,000	475,000
2026	250,000	467,188	717,188
2027	250,000	451,562	701,562
2028	250,000	435,938	685,938
2029	250,000	420,312	670,312
2030	250,000	407,500	657,500
2031	250,000	397,344	647,344
2032	250,000	386,875	636,875
2033	250,000	376,094	626,094
2034	250,000	365,000	615,000
2035	250,000	353,750	603,750
2036	250,000	342,500	592,500
2037	250,000	331,094	581,094
2038	250,000	319,531	569,531
2039	250,000	307,812	557,812
2040	250,000	295,938	545,938
2041	250,000	284,062	534,062
2042	250,000	272,188	522,188
2043	250,000	260,312	510,312
2044	250,000	248,281	498,281
2045	250,000	236,094	486,094
2046	250,000	223,750	473,750
2047	725,000	199,375	924,375
2048	725,000	163,125	888,125
2049	725,000	126,875	851,875
2050	725,000	90,625	815,625
2051	725,000	54,375	779,375
2052	725,000	18,125	743,125
	$ 9,600,000	$ 8,785,625	$ 18,385,625

The District pays the amount due April 1 prior to that date. This schedule shows the amounts paid within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2023

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	$ 2,500,000	$ 1,759,076	$ 4,259,076
2025	2,490,000	1,678,792	4,168,792
2026	2,180,000	1,601,658	3,781,658
2027	2,160,000	1,530,805	3,690,805
2028	2,125,000	1,462,065	3,587,065
2029	2,135,000	1,394,882	3,529,882
2030	2,195,000	1,332,080	3,527,080
2031	2,220,000	1,270,574	3,490,574
2032	1,740,000	1,747,943	3,487,943
2033	2,245,000	1,168,762	3,413,762
2034	2,315,000	1,095,157	3,410,157
2035	2,275,000	1,028,731	3,303,731
2036	2,300,000	966,886	3,266,886
2037	2,360,000	903,288	3,263,288
2038	2,375,000	838,093	3,213,093
2039	2,400,000	775,594	3,175,594
2040	2,425,000	715,970	3,140,970
2041	2,425,000	657,437	3,082,437
2042	2,425,000	600,376	3,025,376
2043	2,425,000	541,953	2,966,953
2044	2,450,000	481,750	2,931,750
2045	2,450,000	421,125	2,871,125
2046	2,450,000	360,344	2,810,344
2047	1,450,000	302,687	1,752,687
2048	1,450,000	248,312	1,698,312
2049	1,450,000	193,484	1,643,484
2050	1,450,000	138,203	1,588,203
2051	1,450,000	82,922	1,532,922
2052	1,450,000	27,641	1,477,641
	$ 61,765,000	$ 25,326,590	$ 87,091,590

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2023

Description	Original Bonds Issued	Bonds Outstanding April 1, 2022
Harris County Municipal Utility District No. 82 Unlimited Tax Refunding Bonds - Series 2013	$ 3,710,000	$ 425,000
Harris County Municipal Utility District No. 82 Unlimited Tax Refunding Bonds - Series 2014	8,030,000	4,405,000
Harris County Municipal Utility District No. 82 Unlimited Tax Refunding Bonds - Series 2015	5,050,000	4,840,000
Harris County Municipal Utility District No. 82 Unlimited Tax Refunding Bonds - Series 2017	3,400,000	2,695,000
Harris County Municipal Utility District No. 82 Unlimited Tax Bonds - Series 2017A	3,915,000	3,715,000
Harris County Municipal Utility District No. 82 Unlimited Tax Bonds - Series 2018	5,365,000	3,600,000
Harris County Municipal Utility District No. 82 Unlimited Tax Bonds - Series 2020	20,510,000	20,510,000
Harris County Municipal Utility District No. 82 Unlimited Tax Bonds - Series 2022	13,660,000	13,660,000
Harris County Municipal Utility District No. 82 Unlimited Tax Bonds - Series 2022A	9,600,000	
TOTAL	$ 73,240,000	$ 53,850,000

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2023	Paying Agent
$	$ 425,000	$ 8,500	$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	750,000	101,556	3,655,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	30,000	133,652	4,810,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	130,000	79,650	2,565,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	50,000	120,488	3,665,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	200,000	111,250	3,400,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	433,919	20,410,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		390,636	13,660,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
9,600,000		160,972	9,600,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 9,600,000	$ 1,685,000	$ 1,540,623	$ 61,765,000	

See accompanying independent auditor’s report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2023

Bond Authority:	Tax Bonds*	Refunding Bonds	Defined Area No. 1 Tax and Refunding Bonds
Amount Authorized by Voters	$ 116,405,000	$ 12,513,000	$ 140,000,000
Amount Issued	84,190,000	1,718,853	
Remaining to be Issued	$ 32,215,000	$ 10,794,147	$ 140,000,000

Debt Service Fund cash and investment balances as of March 31, 2023:	$ 6,915,376
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,003,158

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	$ 2,384,230	$ 2,009,981	$ 1,820,638
Water Service	1,375,502	1,181,376	1,336,843
Wastewater Service	1,757,960	1,468,816	1,418,921
Sales Tax Receipts	67,368	67,579	52,330
Regional Water Authority Fee	1,899,711	1,590,450	1,560,479
Penalty and Interest	177,576	103,227	108,745
Tap Connection and Inspection Fees	1,016,396	587,096	94,110
Investment Revenues	215,738	13,076	18,004
Miscellaneous Revenues	121,961	216,191	44,962
TOTAL REVENUES	$ 9,016,442	$ 7,237,792	$ 6,455,032
EXPENDITURES			
Service Operations:			
Professional Fees	$ 391,833	$ 356,397	$ 407,739
Contracted Services	2,203,768	1,968,063	1,827,011
Utilities	228,316	208,443	209,439
Regional Water Authority Assessment	1,950,912	1,644,252	1,596,034
Repairs and Maintenance	1,394,467	546,774	650,878
Other	947,161	698,113	477,524
Capital Outlay	329,165	1,284,326	2,274,931
TOTAL EXPENDITURES	$ 7,445,622	$ 6,706,368	$ 7,443,556
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,570,820	$ 531,424	$ (988,524)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 13,368	$ - 0 -	$ 182,647
NET CHANGE IN FUND BALANCE	$ 1,584,188	$ 531,424	$ (805,877)
BEGINNING FUND BALANCE	8,400,424	7,869,000	8,674,877
ENDING FUND BALANCE	$ 9,984,612	$ 8,400,424	$ 7,869,000

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
$ 1,426,385	$ 1,322,068	26.3 %	27.8 %	28.2 %	24.5 %	23.8 %
1,311,192	1,232,704	15.3	16.3	20.7	22.6	22.0
1,282,058	1,225,832	19.5	20.3	22.0	22.1	21.9
46,166	41,746	0.7	0.9	0.8	0.8	0.7
1,354,358	1,227,114	21.1	22.0	24.2	23.3	21.9
90,195	77,533	2.0	1.4	1.7	1.6	1.4
146,495	287,480	11.3	8.1	1.4	2.5	5.1
148,358	152,396	2.4	0.2	0.3	2.6	2.7
2,866	30,730	1.4	3.0	0.7		0.5
$ 5,808,073	$ 5,597,603	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 381,349	$ 163,647	4.3 %	4.9 %	6.3 %	6.6 %	2.9 %
1,656,741	1,671,458	24.4	27.2	28.3	28.5	29.9
206,281	212,085	2.5	2.9	3.2	3.6	3.8
1,409,701	1,223,065	21.6	22.7	24.7	24.3	21.8
672,862	588,201	15.5	7.6	10.1	11.6	10.5
708,395	358,335	10.5	9.6	7.5	12.2	6.4
647,474	501,040	3.7	17.7	35.2	11.1	9.0
$ 5,682,803	$ 4,717,831	82.5 %	92.6 %	115.3 %	97.9 %	84.3 %
$ 125,270	$ 879,772	17.5 %	7.4 %	(15.3) %	2.1 %	15.7 %
$ - 0 -	$ - 0 -					
$ 125,270	$ 879,772					
8,549,607	7,669,835					
$ 8,674,877	$ 8,549,607					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	$ 4,286,980	$ 3,527,868	$ 3,113,221
Penalty and Interest	45,959	45,020	40,065
Interest on Investments	142,884	11,402	13,349
Miscellaneous Revenues	5,601	6,136	80
TOTAL REVENUES	$ 4,481,424	$ 3,590,426	$ 3,166,715
EXPENDITURES			
Tax Collection Expenditures	$ 150,329	$ 124,827	$ 126,590
Debt Service Principal	1,685,000	1,960,000	2,020,000
Debt Service Interest and Fees	1,544,373	1,045,628	919,651
TOTAL EXPENDITURES	$ 3,379,702	$ 3,130,455	$ 3,066,241
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,101,722	$ 459,971	$ 100,474
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ 360,587	$ 435,919
NET CHANGE IN FUND BALANCE	$ 1,101,722	$ 820,558	$ 536,393
BEGINNING FUND BALANCE	5,683,998	4,863,440	4,327,047
ENDING FUND BALANCE	$ 6,785,720	$ 5,683,998	$ 4,863,440
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,134	4,246	4,188
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,077	4,231	4,461

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
$ 3,153,073	$ 2,644,500	95.7 %	98.2 %	98.3 %	96.8 %	95.8 %
30,503	42,774	1.0	1.3	1.3	0.9	1.6
64,389	59,266	3.2	0.3	0.4	2.0	2.1
10,510	12,970	0.1	0.2		0.3	0.5
$ 3,258,475	$ 2,759,510	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 111,724	$ 107,689	3.4 %	3.5 %	4.0 %	3.4 %	3.9 %
1,990,000	1,360,000	37.6	54.6	63.8	61.1	49.3
707,124	697,851	34.5	29.1	29.0	21.7	25.3
$ 2,808,848	$ 2,165,540	75.5 %	87.2 %	96.8 %	86.2 %	78.5 %
$ 449,627	$ 593,970	24.5 %	12.8 %	3.2 %	13.8 %	21.5 %
$ - 0 -	$ - 0 -					
$ 449,627	$ 593,970					
3,877,420	3,283,450					
$ 4,327,047	$ 3,877,420					
4,136	4,021					
4,097	4,013					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2023

District Mailing Address	-	Harris County Municipal Utility District No. 82 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Telephone Number	-	(713) 860-6400

Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended March 31, 2023	Expense reimbursements for the year ended March 31, 2023	Title
Jerry Chesnutt	05/2022 05/2026 (Elected)	$ 7,200	$ 3,604	President
Matthew Hoffpauir	05/2022 05/2026 (Elected)	$ 5,400	$ 2,751	Vice President
Gary Sundstrom	05/2020 05/2024 (Elected)	$ 4,050	$ 601	Assistant Vice President
Jack Abercia, Jr	05/2020 05/2024 (Elected)	$ 7,200	$ 2,989	Secretary
Don Hays	05/2020 05/2024 (Elected)	$ 3,750	$ 613	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: December 19, 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 (TWC Section 49.060) on July 9, 2001. Fees of Office are the amounts actually paid to a Director during the District's current period.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 82
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2023

Consultants:	Date Hired	Fees for the year ended March 31, 2023	Title
Allen Boone Humphries Robinson LLP	07/27/03	$ 237,026	General Counsel
		$ 241,518	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/13/07	$ 17,750	Auditor
		$ 13,000	Bond Related
Municipal Accounts & Consulting, L.P.	05/01/20	$ 90,135	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/22/96	$ 13,930	Delinquent Tax Attorney
Vogler & Spencer Engineering, Inc.	05/22/84	$ 771,189	Engineer
Masterson Advisors LLC	04/23/18	$ 198,170	Financial Advisor
Mark M. Burton	05/01/20	$ -0-	Investment Officer
Environmental Development Partners, LLC	01/23/23	$ 266,489	Operator
TNG Utility Corp.	01/04/02	$ 1,375,687	Prior Operator
Kenneth R, Byrd, RTA	02/27/80	$ 87,681	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY® MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100