

Excerpt Pages from Official
Statements used to Separate
Debt

Full documents are in separate file

OFFICIAL STATEMENT DATED AUGUST 16, 2021

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAXATION UNDER EXISTING LAW, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book Entry Only

S&P (BAM Insured)..... "AA"

Moody's (Underlying)..... "A2"

See "MUNICIPAL BOND INSURANCE" and "RATING."

\$6,285,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Harris County)

UNLIMITED TAX BONDS

SERIES 2021

Interest accrues from: September 1, 2021

Due: March 1, as shown on inside cover

The \$6,285,000 Unlimited Tax Bonds, Series 2021 (the "Bonds"), are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from September 1, 2021, and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiples thereof.

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

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

The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District and for the purpose of refunding bonds previously issued by the District. Following the issuance of the Bonds, \$11,483,180 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS – Issuance of Additional Debt."

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

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



The Bonds are offered when, as, and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon, Wallace & Philbin, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 21, 2021.

Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds will be used by the District to pay for the construction and non-construction costs set out below.

<u>Construction Costs</u>	<u>District Share</u>
A. Developer Contribution Items	
1. Stratton Woods – W, WW, D	\$ 713,504
2. Inwood Oaks Lift Station	379,900
3. Water and Sanitary Sewer Extension Along Gosling Road to Serve 7.965-Acre Terra-Gosling, LLC Development	234,479
4. Public Water and Sanitary Sewer Extensions to Serve Triad Real Estate and Landmark Tract	206,229
5. Northampton Regional Detention Pond	784,333
6. Dovershire Section 1 – W, WW, D	265,511
7. Dovershire Section 2 – W, WW, D	535,618
8. Engineering, Material Testing, Geotechnical, and Surveying (Item Nos. 1-5)	831,244
9. Storm Water Pollution Prevention Plan Costs (Item Nos. 1 and 5)	<u>44,530</u>
Total Developer Contribution Items	\$ 3,995,348
B. District Items	
1. 2021 Sanitary Sewer Cleaning and Televising – Phase 1	\$ 179,000
2. Water Plants No. 1 and 2 Improvements	140,000
3. Engineering and Related Costs	115,000
4. Land Acquisition Costs – Stratton Woods Detention Pond	193,181
5. Land Acquisition Costs – Northampton Regional Detention Pond (Landmark)	467,494
6. Land Acquisition Costs – Northampton Regional Detention Pond (Triad Portion)	<u>366,385</u>
Total District Items	\$ <u>1,461,060</u>
Total Construction Costs	\$ 5,456,408
<u>Non-Construction Costs</u>	
A. Legal Fees (2.50%)	\$ 157,125
B. Fiscal Agent Fees (2.00%)	125,700
C. Developer Interest	248,414
D. Bond Discount	131,130
E. Bond Issuance Expenses	21,805
F. Bond Application Report Costs	65,000
G. Attorney General Fee (0.10%)	6,285
H. TCEQ Bond Issuance Fee (0.25%)	15,713
I. Contingency (a)	<u>57,420</u>
Total Non-Construction Costs	\$ 828,592
TOTAL BOND ISSUE REQUIREMENT	\$ 6,285,000

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

(a) Represents the difference between estimated and actual amounts of discount on the Bonds.

OFFICIAL STATEMENT DATED MARCH 4, 2020

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAXATION UNDER EXISTING LAW, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book Entry Only

Moody's Investors Service, Inc. (Underlying)..... "A2"
S&P Global Ratings (AGM Insured) "AA"
See "MUNICIPAL BOND INSURANCE" and "RATING."

\$3,610,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Harris County)

UNLIMITED TAX REFUNDING BONDS

SERIES 2020

Interest accrues from: April 1, 2020

Due: March 1, as shown on inside cover

The \$3,610,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from April 1, 2020, and is payable on September 1, 2020, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiples thereof.

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District and for the purpose of refunding bonds previously issued by the District. Following the issuance of the Bonds, \$17,768,181 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS – Issuance of Additional Debt."

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

The Bonds are offered when, as, and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about April 8, 2020.

RAYMOND JAMES

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

- The District.....Northampton Municipal Utility District (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
- The Bonds.....The District's \$3,610,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), are dated April 1, 2020, and mature on March 1 in each of the years and in the principal amounts shown on the inside cover hereof. Interest on the Bonds accrues from April 1, 2020, at the rates set forth on the inside cover page hereof, and is payable on September 1, 2020, and on each March 1 and September 1 thereafter until maturity or earlier redemption. See "THE BONDS."
- Redemption of the Bonds.....The Bonds that mature on March 1, 2026, and thereafter, are subject to redemption, in whole or from time to time in part, on March 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption - *Optional Redemption*." The Bonds maturing on March 1, 2021 through March 1, 2027 inclusive and on March 1, 2036, are serial bonds. The Bonds maturing on March 1 in the years 2029, 2031, 2033, and 2035 are term bonds (the "Term Bonds") which also have certain mandatory redemption provisions set out herein under "THE BONDS - Redemption - *Mandatory Redemption*."
- Book-Entry-Only System.....The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.
- Source of Payment.....The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located in the District. The Bonds are not obligations of the State of Texas; Harris County, Texas; or the City of Houston, Texas. See "THE BONDS - Source of Payment."
- Use of Proceeds.....Proceeds from sale of the Bonds, together with other lawfully available funds of the District, will be used to refund \$1,320,000 principal amount of the District's \$6,965,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunded Bonds"), and \$2,175,000 principal amount of the District's \$2,175,000 Unlimited Tax Bonds, Series 2012 (the "Series 2012 Refunded Bonds"). The Series 2010 Refunded Bonds and the Series 2012 Refunded Bonds are referred to herein collectively as the "Refunded Bonds." Proceeds from sale of the Bonds will also be used to pay

costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

· Remaining Outstanding Bonds.....The District has previously issued twenty-two (22) series of bonds payable from the proceeds of taxes levied upon all taxable property located within the boundaries of the District. After the sale of the Bonds and the refunding of the Refunded Bonds, \$27,765,000 principal amount of such previously issued series of bonds will remain outstanding (the "Remaining Outstanding Bonds").

The District has also previously issued four (4) series of unlimited tax bonds ("Defined Area Bonds") that are secured by the proceeds of taxes levied upon taxable property located only within the Defined Area (herein defined) in the District.

The Bonds and the Remaining Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, that is separate from the ad valorem taxes, also without legal limitation as to rate or amount, that are levied by the District for payment of debt service on the Defined Area Bonds and any additional bonds that the District may issue hereafter for the purpose of constructing facilities that serve the Defined Area. Proceeds of taxes levied by the District for payment of debt service on Defined Area Bonds may not be used for payment of debt service on the Bonds or the Remaining Outstanding Bonds. See "PLAN OF FINANCING."

Payment Record.....The District has never defaulted in the timely payment of principal of and interest on its prior bonded indebtedness.

Authority for Issuance.....The Bonds are issued out of an aggregate of \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters at elections held on February 2, 2002, and November 6, 2012, for the purpose of purchasing or constructing a water, wastewater and storm drainage facilities serving the District and for the purpose of refunding of bonds issued by the District for such facilities. The Bonds are issued pursuant to the order of the District authorizing the issuance of the bonds (the "Bond Order"); the Texas Constitution; Chapters 49 and 54, Texas Water Code; Chapter 1207, Texas Government Code, as amended; and the general laws of the State of Texas. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE BONDS - Authority for Issuance," and "- Issuance of Additional Debt."

Authorized But Unissued Bonds.....After the issuance of the Bonds, \$17,768,181 principal amount of unlimited tax bonds will remain authorized but unissued for water, sanitary sewer, and drainage facilities to serve the land within the District, all of which may also be used for refunding purposes. See "THE BONDS - Authority for Issuance" and "- Issuance of Additional Debt."

Municipal Bond InsuranceAssured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE".

Ratings.....S&P Global Ratings ("S&P") (AGM insured) - "AA". Moody's (underlying) - "A2." See "MUNICIPAL BOND INSURANCE" and "RATING" above.

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Northampton Municipal Utility District (the "District") of its \$3,610,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code and Chapter 1207 of the Texas Government Code, (ii) an election held within the District, (iii) an order (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), and (iv) the City of Houston Ordinance No. 97-416 (the "Ordinance").

There follows in this Official Statement descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District, c/o Bacon & Wallace, L.L.P., 6363 Woodway Drive, Suite 800, Houston, Texas 77057, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

PLAN OF FINANCING

Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds, together with other lawfully available funds of the District, will be used to refund \$1,320,000 principal amount of the District's \$6,965,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunded Bonds"), and \$2,175,000 principal amount of the District's \$2,175,000 Unlimited Tax Bonds, Series 2012 (the "Series 2012 Refunded Bonds"). The Series 2010 Refunded Bonds and the Series 2012 Refunded Bonds are collectively referred to herein collectively as the "Refunded Bonds." Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Series 2010 Refunded Bonds		Series 2012 Refunded Bonds	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
\$225,000	03/01/2022	\$60,000	03/01/2028
240,000	03/01/2023	55,000	03/01/2029
250,000	03/01/2024	60,000	03/01/2030
260,000	03/01/2025	60,000	03/01/2031
170,000	03/01/2026	60,000	03/01/2032
<u>175,000</u>	03/01/2027	65,000	03/01/2033
\$1,320,000		65,000	03/01/2034
		855,000	03/01/2035
		<u>895,000</u>	03/01/2036
		\$2,175,000	

Not Refunded

Total Principal Amount of the Refunded Bonds: \$3,495,000

Redemption Date: April 8, 2020

OFFICIAL STATEMENT DATED MARCH 18, 2019

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAXATION UNDER EXISTING LAW, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book Entry Only

S&P (BAM Insured)..... "AA"

Moody's (Underlying)..... "A2"

See "MUNICIPAL BOND INSURANCE" and "RATINGS."

\$5,800,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Harris County)

UNLIMITED TAX BONDS

SERIES 2019

Interest accrues from: April 1, 2019

Due: March 1, as shown on inside cover

The \$5,800,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"), are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from April 1, 2019, and is payable on September 1, 2019, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiples thereof.

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

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

The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$17,930,051 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS – Issuance of Additional Debt."

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

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



The Bonds are offered when, as, and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about April 18, 2019.

the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds will be used by the District to pay for the construction and non-construction costs set out below.

	<u>District Share</u>
<u>Construction Costs</u>	
A. Developer Contribution Items	
1. CST Water and Sanitary Sewer Extension	\$ 142,205
2. Engineering	48,965
Total Developer Contribution Items	\$ 191,170
B. District Items	
1. WWTP Improvements	\$ 1,275,000
2. Water Well No. 1 Rework	221,000
3. Water Plant No. 3 Overage	201,478
4. Creekview Lift Station Improvements	2,104,000
5. Contingencies (10% of Item Nos. 1-4)	380,148
6. Engineering (17.74% of Item Nos. 1-4)	674,255
7. Estimated Land Acquisition Cost	173,000
Total District Items	\$ 5,028,881
Total Construction Costs	\$ 5,220,051

<u>Non-Construction Costs</u>	
A. Legal Fees (2.50%)	\$ 145,000
B. Fiscal Agent Fees (2.00%)	116,000
C. Developer Interest	20,102
D. Bond Discount	123,930
E. Bond Issuance Expenses	46,547
F. Bond Application Report Costs	58,000
G. Attorney General Fee (0.10%)	5,800
H. TCEQ Bond Issuance Fee (0.25%)	14,500
I. Contingency	50,070
Total Non-Construction Costs	\$ 579,949

TOTAL BOND ISSUE REQUIREMENT **\$ 5,800,000**

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

OFFICIAL STATEMENT DATED NOVEMBER 14, 2016

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS OF THE BONDS FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS, AND IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF THE OWNERS THEREOF EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "LEGAL MATTERS" AND "TAX EXEMPTION" HEREIN FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The Bonds have NOT been designated as "qualified tax-exempt obligations for financial institutions." See "TAXING MATTERS - Not Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry-Only

RATING: S&P Global Ratings (AGM Insured)....."AA" (stable outlook)

Moody's Investors Service (AGM Insured)....."A2" (stable outlook)

Moody's Investors Service (Underlying)....."A2"

See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein

\$10,300,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS, SERIES 2016

Interest accrues from: December 1, 2016

Due: March 1, as shown below

The \$10,300,000 Northampton Municipal Utility District Unlimited Tax Bonds, Series 2016 (the "Bonds") are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from December 1, 2016, and is payable on March 1, 2017, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption.

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interest on the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Unless otherwise agreed between the Paying Agent, Regions Bank, in Houston, Texas (the "Paying Agent", "Paying Agent/Registrar", or "Registrar"), and a Bondholder, interest on the Bonds is payable by check or draft of the Paying Agent, dated as of the interest payment date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds will be issued only in fully registered form in denominations of \$5,000 of principal amount, or any integral multiple hereof.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$5,945,000 Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 663662 (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 663662 (b)
2018	\$290,000	2.000%	1.500%	PS7	2026(c)	\$375,000	3.000%	2.750%	QA5
2019	295,000	2.000%	1.650%	PT5	2027(c)	385,000	3.000%	2.850%	QB3
2020	305,000	2.000%	1.750%	PU2	2028(c)	400,000	3.000%	3.000%	QC1
2021	315,000	2.500%	1.850%	PV0	2029(c)	410,000	3.000%	3.150%	QD9
2022	330,000	2.500%	2.000%	PW8	2030(c)	425,000	3.100%	3.250%	QE7
2023	340,000	2.500%	2.200%	PX6	2031(c)	440,000	3.250%	3.350%	QF4
2024	350,000	3.000%	2.400%	PY4	2032(c)	455,000	3.300%	3.450%	QG2
2025	360,000	3.000%	2.600%	PZ1	2033(c)	470,000	3.400%	3.550%	QH0

\$4,355,000 Term Bonds

\$985,000 Term Bonds due March 1, 2035 (c)(d) Interest Rate 3.500% (Price: \$97.362) (a) CUSIP No. 663662 QK3 (b)
 \$1,050,000 Term Bonds due March 1, 2037 (c)(d) Interest Rate 3.650% (Price: \$97.892) (a) CUSIP No. 663662 QM9 (b)
 \$2,320,000 Term Bonds due March 1, 2041 (c)(d) Interest Rate 4.000% (Price: \$100.000) (a) CUSIP No. 663662 QR8 (b)

- (a) The yields of the Bonds were established by and are the sole responsibility of the Underwriter (as defined herein), and may subsequently be changed. The yields indicated above represent the lower of the yields resulting when priced to maturity or the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on March 1, 2026, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on March 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.
- (d) Subject to mandatory redemption by lot or other customary method of random selection on March 1 in the years and in the amounts set forth herein under the caption "THE BONDS - Redemption of the Bonds - Mandatory Redemption."

The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$24,040,000 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered subject to prior sale, when, as, and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about December 13, 2016.

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

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

Use and Distribution of Bond Proceeds

A portion of the proceeds of the Bonds will be used to pay for (1) Water Plant No. 3; (2) a portion of Wastewater Treatment Plant No. 2, Phase I and (3) a portion of detention and mitigation ponds to serve Wastewater Treatment Plant No. 2. Additionally, proceeds from the Bonds will be used to pay developer interest, twelve months of capitalized interest and certain costs of issuance of the Bonds.

	<u>Amount</u>
<u>CONSTRUCTION COSTS</u>	
A. Developer Contribution Items	
None	\$ -0-
B. District Items	
1. Detention & Mitigation Ponds to serve Wastewater Treatment Plant No. 2	\$ 115,090
2. Wastewater Treatment Plant No. 2 - Phase I (partial)	2,869,854
3. Water Plant No. 3	4,620,000
4. Contingencies (7.67% of item nos. 3)	354,384
5. Engineering (20.47% of item nos. 1-3)	<u>536,261</u>
Total District Items	\$ 8,495,589
TOTAL CONSTRUCTION COSTS	\$ 8,495,589
<u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees (2.5%)	\$ 257,500
B. Fiscal Agent Fees (2%)	206,000
C. Interest	
1. Capitalized Interest (12 mos.)	334,895
2. Developer Interest	432,249
D. Bond Discount (2.629%)	270,755
E. Bond Issuance Expenses	35,912
F. Bond Application Report Costs	65,000
G. Attorney General Fee (0.10% or \$9,500 max.)	9,500
H. TCEQ Bond Issuance Fee (0.25%)	25,750
I. Contingency	<u>166,850</u>
TOTAL NON CONSTRUCTION COSTS	\$1,804,411
TOTAL BOND ISSUE REQUIREMENT	\$10,300,000

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

**ADDENDUM
TO
OFFICIAL STATEMENT DATED SEPTEMBER 22, 2016
\$4,800,000
NORTHAMPTON MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2016**

This Addendum serves to correct the assessed valuations for SC Waterford Springs LLC and DR Horton Texas LTD in the principal taxpayers table in the Official Statement under "TAX DATA - Principal Taxpayers." Additionally, this Addendum serves to remove reference to SC Waterford Springs LLC and to correct the percentage of assessed value attributable to the District's ten principal taxpayers in 2016 under "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - *Principal Landowners' Obligations to the District.*" The corrected information for each section is reflected in bold letters below.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their taxable assessed values as of January 1, 2016:

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2016 Tax Roll</u>	<u>% of 2016 Tax Roll</u>
SC Waterford Springs LLC	Land and Improvements	\$ 33,225,078	5.88%
AAL Apartments LLC	Land and Improvements	29,786,563	5.27
Willow Creek Golf Club Inc	Land and Improvements	3,541,059	0.63
Gosling Investments LLC	Land and Improvements	2,971,481	0.53
DR Horton Texas LTD	Land and Improvements	2,179,353	0.39
Partners In Building	Land	1,995,509	0.35
Centerpoint Energy	Personal Property	1,713,170	0.30
Gosling Express Inc	Land, Improvements & Personal Property	1,709,728	0.30
6130 AL Development Group LLC	Land and Improvements	1,648,842	0.29
Homeowner	Land and Improvements	<u>1,075,039</u>	<u>0.19</u>
Total		<u>\$ 79,845,822</u>	<u>14.14%</u>

Principal Landowners' Obligations to the District: As reflected in this Official Statement under the caption "TAX DATA - Principal Taxpayers," the District's ten principal taxpayers in 2016 owned approximately **14.14%** of the assessed value of property located in the District. Failure by any one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements.

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

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

PLAN OF FINANCING

Use of Proceeds

A portion of the proceeds of the Bonds, will be applied to advance refund \$3,650,000 of the District's Series 2010 Bonds, and \$1,010,000 of the District's Series 2010 Refunding Bonds (collectively referred to herein as the "Refunded Bonds"). The proceeds will also be used to pay certain costs of issuing the Bonds in order to achieve annual gross and net present value savings in the District's annual debt service expense.

Series 2010 Bonds		Series 2010 Refunding Bonds	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
\$ 200,000	3-1-2025 (a)	\$ 175,000	3-1-2022
280,000	3-1-2028 (b)	180,000	3-1-2023
375,000	3-1-2030 (c)	190,000	3-1-2024
645,000	3-1-2031	200,000	3-1-2025
680,000	3-1-2032	130,000	3-1-2026
715,000	3-1-2033	135,000	3-1-2027
<u>755,000</u>	3-1-2034		
<u>\$3,650,000</u>		<u>\$1,010,000</u>	

Redemption Date: 03/01/2018

Redemption Date: 03/01/2018

Aggregate Amount of Bonds Being Refunded..... \$4,660,000

(a) Term Bond with mandatory redemption amounts as follows:

Amount	Redemption Date	Amount Redeemed
\$ 50,000	03/1/2022	\$ 50,000
50,000	03/1/2023	50,000
50,000	03/1/2024	50,000
<u>50,000</u>	03/1/2025	<u>50,000</u>
<u>\$200,000</u>		<u>\$200,000</u>

(b) Term Bond with mandatory redemption amounts as follows:

Amount	Redemption Date	Amount Redeemed
\$ 50,000	03/1/2026	\$ 50,000
50,000	03/1/2027	50,000
<u>180,000</u>	03/1/2028	<u>180,000</u>
<u>\$280,000</u>		<u>\$280,000</u>

(c) Term Bond with mandatory redemption amounts as follows:

Amount	Redemption Date	Amount Redeemed
\$185,000	03/1/2029	\$185,000
<u>190,000</u>	03/1/2030	<u>190,000</u>
<u>\$375,000</u>		<u>\$375,000</u>

Escrow Agreement

The District will enter into an escrow agreement (the "Escrow Agreement") with Wells Fargo Bank, N.A. (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds, along with certain other lawfully available funds of the District, if any, will be deposited in cash or invested in certain securities of the United States of America (the "Escrowed Obligations") and held in an escrow fund (the "Escrow Fund") to provide for scheduled payments of principal of and interest on the Refunded Bonds until their maturity or redemption dates. At the time of delivery of the Bonds, Grant Thornton LLP will verify to the District, the Escrow Agent, Bond Counsel and the Underwriter that the cash and Escrowed Obligations in the Escrow Fund are sufficient in principal amount to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

By the deposit of cash and Escrowed Obligations with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolutions and/or orders authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefore in such Escrow Agreement.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, together with lawfully available debt service funds on hand, will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds.....	\$4,800,000.00
Net Premium	309,948.05
Debt Service Funds Transfer	43,000.00
Accrued Interest on Bonds.....	<u>8,879.86</u>
Total Sources of Funds.....	\$5,161,827.91

USES OF FUNDS:

Deposit to Escrow Fund for Payment of the Refunded Bonds.....	\$4,943,122.90
Deposit of Accrued Interest to Debt Service Fund.....	8,879.86
Issuance Expenses and Underwriter's Discount	<u>209,825.15</u>
Total Uses of Funds.....	\$5,161,827.91

Use and Distribution of Bond Proceeds

Proceeds from the Bonds will be used to redeem a bond anticipation note ("BAN"), the proceeds of which were used to pay for (1) the expansion of the District's Wastewater Treatment Plant; (2) the addition of a hydropneumatic tank to Water Plant No. 2 and (3) costs for contingencies and engineering fees associated with these projects. In addition, the proceeds of the Bonds include eighteen (18) months of capitalized interest and costs of issuing the BAN and the Bonds:

A. CONSTRUCTION COSTS

District Items

1. Wastewater Treatment Plant Expansion 1.40 MGD	\$2,578,000 (a)
2. Water Plant No. 2 Hydropneumatic Tank Addition	206,000
3. Contingencies (10% of Items 1 & 2)	279,000
4. Engineering (16% of Item 1 and 15% of Item 2)	<u>\$487,000</u>

Subtotal for District Items

\$3,550,000

TOTAL CONSTRUCTION COSTS (79.6% of BIR):

\$3,550,000

B. NON-CONSTRUCTION COSTS

A. Legal Fees	\$111,500
B. Fiscal Agent Fees	81,900
C. Interest Costs	
1. Capitalized Interest (18 Months @ 4.75%)	317,775
2. Bond Anticipation Note Interest (12 Months @ 2.50%)	91,000
D. Bond Discount (3%)	133,800
E. Bond Issuance Expenses	42,415
F. TCEQ Bond Issuance Fee (0.25%)	11,150
G. Attorney General Fee (0.10%)	4,460
H. Bond Application Report Costs	35,000
I. Bond Anticipation Note Expenses	<u>\$81,000</u>

TOTAL NON-CONSTRUCTION COSTS (20.4% of BIR):

\$910,000

TOTAL BOND ISSUE REQUIREMENT:

\$4,460,000

- (a) The remaining \$4,374,000 cost of the Wastewater Treatment Plant has been advanced by the Developers according to their pro rata shares based on needed capacity. The District will seek to reimburse the Developers through future bond issues.

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

THE DISTRICT

General

The District is a municipal utility district which was created as "Norchester Municipal Utility District" by the Texas Legislature pursuant to Article 16, Section 59 of the Constitution of Texas and by Chapter 344, Acts of the 60th Legislature of Texas (HB No. 536) effective June 16, 1967. The District subsequently changed its name to "Northampton Municipal Utility District." The creation of the District was confirmed at an election held within the District on December 9, 1967. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, including particularly Chapters 49 and 54, Texas Water Code, Vernon's Texas Codes Annotated, as amended. The District is subject to the continuing supervision of the TCEQ.

OFFICIAL STATEMENT DATED MARCH 16, 2015

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS OF THE BONDS FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS, AND IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF THE OWNERS THEREOF EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "LEGAL MATTERS" AND "TAX EXEMPTION" HEREIN FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District has designated the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: Standard & Poor's (BAM) "AA/Stable"
Standard & Poor's (Underlying) ... "A-/Stable"
(See "MUNICIPAL BOND INSURANCE" and "RATINGS")

\$4,460,000**NORTHAMPTON MUNICIPAL UTILITY DISTRICT**

(A Political Subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS, SERIES 2015

Dated: April 1, 2015

Due: March 1, as shown below

The \$4,460,000 Northampton Municipal Utility District Unlimited Tax Bonds, Series 2015 (the "Bonds") are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from April 1, 2015, and is payable on September 1, 2015, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption.

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interest in the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Unless otherwise agreed between the Paying Agent, Regions Bank, in Houston, Texas (the "Paying Agent", Paying Agent/Registrar, or "Registrar"), an Alabama banking corporation, and a Bondholder, interest on the Bonds is payable by check or draft of the Paying Agent, dated as of the interest payment date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds will be issued only in fully registered form in denominations of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

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

**AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS****\$2,240,000 Serial Bonds**

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)
2017	\$ 115,000	2.000%	0.900%	2025(b)	155,000	2.750%	2.650%
2018	120,000	2.000%	1.300%	2026(b)	160,000	2.750%	2.750%
2019	125,000	2.000%	1.500%	****	****	****	****
2020	125,000	2.000%	1.700%	2032(b)	205,000	3.125%	3.300%
2021	130,000	2.250%	2.000%	2033(b)	215,000	3.250%	3.350%
2022	140,000	2.500%	2.250%	2034(b)	225,000	3.250%	3.400%
2023	145,000	2.500%	2.375%	2035(b)	230,000	3.375%	3.450%
2024(b)	150,000	2.500%	2.500%				

\$2,220,000 Term Bonds

\$525,000 Term Bonds due March 1, 2029(a)(b)(c) Interest Rate 3.000% (Price \$98.321)
\$390,000 Term Bonds due March 1, 2031(a)(b)(c) Interest Rate 3.125% (Price \$99.069)
\$490,000 Term Bonds due March 1, 2037(a)(b)(c) Interest Rate 3.625% (Price \$100.000)
\$815,000 Term Bonds due March 1, 2040(a)(b)(c) Interest Rate 3.750% (Price \$99.675)

- (a) The yields of the Bonds were established by and are the sole responsibility of the Underwriter (as defined herein), and may subsequently be changed. The yields indicated above represent the lower of the yields resulting when priced to maturity or the first call date.
- (b) Bonds maturing on March 1, 2024, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on March 1, 2023, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchaser may designate one or more maturities as Term Bonds.
- (c) Subject to mandatory redemption by lot or customary method of random selection on March 1 in the years and in the amounts set forth herein under the caption "THE BONDS" – Redemption of the Bonds – *Mandatory Redemption.*"

The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$34,480,000 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be reviewed by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, as Disclosure Counsel to the District. Delivery of the Bonds is expected on or about April 14, 2015.

RAYMOND JAMES

OFFICIAL STATEMENT DATED OCTOBER 22, 2012

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS OF THE BONDS FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS, AND IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF THE OWNERS THEREOF EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "LEGAL MATTERS" AND "TAX EXEMPTION" HEREIN FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District has designated the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE - Book Entry Only

RATING: Standard & Poor's Rating Services ("S&P")..... "AA-" (stable outlook)
See "RATINGS" and "MUNICIPAL BOND INSURANCE" herein

\$2,175,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS, SERIES 2012

Dated: November 1, 2012

Due: March 1, as shown below

The \$2,175,000 Northampton Municipal Utility District Unlimited Tax Bonds, Series 2012 (the "Bonds") are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from November 1, 2012, and is payable on March 1, 2013, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on March 1, 2020, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interest in the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Unless otherwise agreed between the Paying Agent, Regions Bank, in Houston, Texas (the "Paying Agent", Paying Agent/Registrar, or "Registrar"), an Alabama banking corporation and a Bondholder, interest on the Bonds is payable by check or draft of the Paying Agent, dated as of the interest payment date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds will be issued only in fully registered form in denominations of \$5,000 of principal amount, or any integral multiple thereof.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE."



The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$425,000 Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)
2028(b)	\$ 60,000	2.750%	2.750%	2032(b)	\$ 60,000	3.000%	2.950%
2029(b)	55,000	2.750%	2.800%	2033(b)	65,000	3.000%	3.000%
2030(b)	60,000	2.750%	2.850%	2034(b)	65,000	3.000%	3.050%
2031(b)	60,000	3.000%	2.900%				

\$1,750,000 Term Bonds

\$1,750,000 Term Bonds due March 1, 2036 (a)(b)(c) Interest Rate 3.500% (Price \$102.585)

- (a) The yields of the Bonds were established by and are the sole responsibility of the Underwriter (as defined herein), and may subsequently be changed. The yields indicated above represent the lower of the yields resulting when priced to maturity or the first call date.
- (b) Subject to optional redemption as described above and herein (see "THE BONDS - Optional Redemption.")
- (c) Subject to mandatory redemption by lot or customary random method on March 1 in the years and in the amounts set forth herein under the caption "THE BONDS - Redemption of the Bonds - Mandatory Redemption."

The Bonds are issued out of the \$16,700,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$1,130,000 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Initial Bond by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds is expected on or about November 20, 2012.

Use and Distribution of Bond Proceeds

Proceeds of the Bonds will be used to pay for the District's expenses for the construction and engineering costs of Gosling Road Water and Wastewater lines. In addition, proceeds of the Bonds will be used to pay one year of capitalized interest on the Bonds; and to pay certain administrative and issuance costs of the Bonds. The District's present estimate of the use of the proceeds of the Bonds, as approved by the TCEQ, is as follows:

	District's Share
<u>Construction Costs</u>	
A. Developer Contribution Items	
1. None.	\$ -0-
B. District Items	
1. Gosling Road Water and Wastewater Lines	\$1,390,000
2. Contingencies (10% of Item 1)	139,000
3. Engineering (15% of Items 1 and 2)	229,000
4. Easement Acquisition Costs	<u>53,000</u>
Total District Items	\$1,811,000
TOTAL CONSTRUCTION COSTS	\$1,811,000
<u>Nonconstruction Costs</u>	
Legal Fees	\$ 54,375
Fiscal Agent Fees	43,500
Capitalized Interest (12 months)	73,563
Bond Discount	46,236
Bond Issuance Expenses	43,637
Bond Application Report	30,000
Attorney General Fee	2,175
TCEQ Bond Issuance Fee (0.25%)	5,438
Contingency (a)	<u>65,076</u>
TOTAL NONCONSTRUCTION COSTS	\$ 364,000
TOTAL BOND ISSUE REQUIREMENT	<u>\$2,175,000</u>

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

OFFICIAL STATEMENT DATED AUGUST 18, 2010

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "LEGAL MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL AND SEE "LEGAL MATTERS" AND "TAX EXEMPTION" FOR A DISCUSSION OF THE OPINION OF SPECIAL TAX COUNSEL INCLUDING A DESCRIPTION OF CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The District has designated the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: Moody's Investors Service, Inc. "Aa3" (negative outlook)
See "BOND INSURANCE" and "MUNICIPAL BOND RATING"

\$6,965,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX REFUNDING BONDS, SERIES 2010

Dated: September 1, 2010

Due: March 1, as shown below

The \$6,965,000 Northampton Municipal Utility District Unlimited Tax Refunding Bonds, Series 2010 (the "Bonds") are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

The Bonds include both Current Interest Bonds and Premium Compound Interest Bonds, as set forth below. Interest on the Current Interest Bonds scheduled to mature on March 1, 2011 and March 1, 2013 through March 1, 2027, inclusive, will accrue from September 1, 2010, and will be payable March 1 and September 1 of each year ("Interest Payment Date"), commencing March 1, 2011. Interest on the Premium Compound Interest Bonds scheduled to mature on March 1, 2012 will accrue from the date of delivery, will be compounded on March 1 and September 1 of each year, commencing March 1, 2011, and will be payable only upon maturity. Principal of the Bonds, together with accrued interest on the Premium Compound Interest Bond is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at Wells Fargo Bank, N.A., Houston, Texas (sometimes hereinafter called the "Paying Agent" or the "Registrar"), upon surrender of the Bonds for payment at maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent and a Bondholder, interest on the Current Interest Bonds, together with mandatory redemption payments on any term bond, except at maturity, is payable by check or draft of the Paying Agent, dated as of the Interest Payment Date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Current Interest Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof. The Premium Compound Interest Bonds will be issued in denominations of \$5,000, or integral multiples thereof, of maturity amount, including principal and accrued and compounded interest. See "APPENDIX A - Schedule of Accreted Values for Premium Compound Interest Bonds."

The Current Interest Bonds scheduled to mature on and after March 1, 2019, are subject to redemption, in whole or, from time to time, in part, prior to their scheduled maturities, on March 1, 2018, or on any date thereafter. Upon redemption, the Current Interest Bonds will be payable at a price equal to the principal amount of the Current Interest Bonds or portions thereof so called for redemption, plus accrued interest to the date for redemption. If less than all of the Current Interest Bonds are redeemed at any time, the District shall determine the maturity or maturities and the amounts thereof to be redeemed in integral multiples of \$5,000 in principal amount, and if less than all of the Current Interest Bonds within a maturity are to be redeemed, the Registrar shall select by lot or other customary method of random selection the Current Interest Bonds within such maturity to be redeemed. See "THE BONDS - Optional Redemption."

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 (as herein defined) of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such Beneficial Owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "THE BONDS - Book-Entry-Only System."

The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

**ASSURED
GUARANTY**
MUNICIPAL

See Inside Cover Page for Maturity and Pricing Schedule

The proceeds of the Bonds will be used to advance and currently refund portions of the District's outstanding bonds and pay certain costs of issuance associated with the Bonds. The Bonds are issued pursuant to an order of the District authorizing the issuance of the Bonds, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Section 1207, Texas Government Code, as amended. Following the issuance of the Bonds, \$3,305,000 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Underwriter (defined herein), subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel, and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas. Delivery of the Bonds is expected through DTC on or about September 23, 2010.

RBC CAPITAL MARKETS

PLAN OF FINANCING

Purpose and Authority for Issuance

A portion of the proceeds of the Bonds will be applied to currently refund \$615,000 in principal amount (the "Series 1993-A Refunded Bonds") of the District's \$1,900,000 Waterworks & Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1993-A (the "Series 1993-A Bonds"), \$245,000 in principal amount (the "Series 1993 Refunded Bonds") of the District's \$3,275,000 Waterworks & Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1993 (the "Series 1993 Refunding Bonds"), \$720,000 in principal amount (the "Series 1998 Refunded Bonds") of the District's \$1,890,000 Waterworks & Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1998 (the "Series 1998 Refunding Bonds"), \$890,000 in principal amount (the "Series 1999 Refunded Bonds") of the District's \$1,760,000 Waterworks & Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1999 (the "Series 1999 Bonds"), \$1,505,000 in principal amount (the "Series 2001 Refunded Bonds") of the District's \$1,505,000 Waterworks & Sewer System Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds") and \$2,990,000 in principal amount (the "Series 2003 Refunded Bonds") of the \$2,990,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"). The Series 1993-A Refunded Bonds, Series 1993 Refunded Bonds, Series 1998 Refunded Bonds, Series 1999 Refunded Bonds, Series 2001 Refunded Bonds and Series 2003 Refunded Bonds are collectively referred to herein as the "Refunded Bonds." In addition, a portion of the proceeds of the Bonds will be used to pay the costs of issuance of the Bonds.

The principal amounts and maturity dates of the Refunded Bonds are set forth below:

Series 1993-A Refunded Bonds		Series 1993 Refunded Bonds		Series 1998 Refunded Bonds	
Maturity Year	Total Principal	Maturity Year	Total Principal	Maturity Year	Total Principal
	(March 1)		(March 1)		(March 1)
2012	\$140,000	2012	\$ 75,000	2012	\$165,000
2013	150,000	2013	85,000	2013	175,000
2014	160,000	2014	85,000	2014	185,000
2015	165,000			2015	195,000
Total	\$615,000	Total	\$245,000	Total	\$720,000
Redemption Date:	September 23, 2010	Redemption Date:	September 23, 2010	Redemption Date:	September 23, 2010

Series 1999 Refunded Bonds		Series 2001 Refunded Bonds		Series 2003 Refunded Bonds	
Maturity Year	Total Principal	Maturity Year	Total Principal	Maturity Year	Total Principal
	(March 1)		(March 1)		(March 1)
2013	\$ 145,000	2015	\$ 100,000	2016	\$ 180,000
2014	145,000	2016	110,000	2017	190,000
2015	150,000	2017	115,000	2018	205,000
2016	150,000	2018	120,000	2019	215,000
2017	150,000	2019	125,000	***	***
2018	150,000	2020	135,000	2025 (b)	1,555,000
		2021	140,000	***	***
		2022	150,000	2027 (c)	645,000
		***	***		
Total	\$890,000	2025 (a)	510,000	Total	\$2,990,000
Redemption Date:	September 23, 2010	Total	\$1,505,000	Redemption Date:	March 1, 2011

Aggregate Principal Amount of Refunded Bonds: \$6,965,000

(a) Term Bond with mandatory redemption amounts as follows:

<u>Amount</u>	<u>Redemption Date</u>
\$ 160,000	3/1/2023
170,000	3/1/2024
180,000	3/1/2025

(b) Term Bond with mandatory redemption amounts as follows:

<u>Amount</u>	<u>Redemption Date</u>
\$ 225,000	3/1/2020
240,000	3/1/2021
250,000	3/1/2022
265,000	3/1/2023
280,000	3/1/2024
295,000	3/1/2025

(c) Term Bond with mandatory redemption amounts as follows:

<u>Amount</u>	<u>Redemption Date</u>
\$ 315,000	3/1/2026
330,000	3/1/2027

Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of the Current Interest Bonds.....	\$6,740,000.00
Original Issue Premium on the Bonds	254,562.25
Proceeds from Premium Compound Interest Bonds	446,910.10
Accrued Interest on Bonds	<u>14,630.00</u>
Total Sources of Funds	<u>\$7,456,102.35</u>

USES OF FUNDS:

Deposit to Escrow Fund for Payment of Refunded Bonds.....	\$3,986,914.12
Deposit for Purchase of Escrowed Obligations	3,059,665.00
Deposit of Accrued Interest to Debt Service Fund.....	14,630.00
Bond Insurance, Issuance Expenses and Underwriter's Discount	<u>394,893.23</u>
Total Uses of Funds	<u>\$7,456,102.35</u>

Escrow Agreement

The District will enter into an escrow agreement (the "Escrow Agreement") with Wells Fargo Bank, N.A., Houston, Texas (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds will be deposited in cash or invested in certain securities of the United States of America (the "Escrowed Obligations") and held in an escrow fund (the "Escrow Fund") to provide for scheduled payments of principal of and interest on the Refunded Bonds until their maturity or redemption dates. At the time of delivery of the Bonds, Grant Thornton L.L.P. will verify to the District, the Escrow Agent, Bond Counsel and the Underwriter that the cash and the Escrowed Securities in the Escrow Fund is sufficient in principal amount to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

By the deposit of cash and the Escrowed Securities with the Escrow Agent pursuant to the Escrow Agreement, the District will have affected the defeasance of the Refunded Bonds pursuant to the terms of the resolution and/or order authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm

OFFICIAL STATEMENT DATED MARCH 15, 2010

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS OF THE BONDS FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS, AND IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF THE OWNERS THEREOF. SEE "LEGAL MATTERS" AND "TAX EXEMPTION" HEREIN FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District will designate the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE – BOOK-ENTRY-ONLY

Standard & Poor's Ratings Services....."BBB+"
(see "MUNICIPAL BOND RATING")

\$4,000,000**NORTHAMPTON MUNICIPAL UTILITY DISTRICT**

(A Political Subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS, SERIES 2010

Dated: April 1, 2010

Due: March 1, as shown below

The \$4,000,000 Northampton Municipal Utility District Unlimited Tax Bonds, Series 2010 (the "Bonds") are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from April 1, 2010, and is payable on September 1, 2010 (a five-month interest period), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds maturing on and after March 1, 2019 are subject to redemption and payment at the option of the District, in whole or from time to time in part, on March 1, 2018, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interest in the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Unless otherwise agreed between the Paying Agent, Wells Fargo Bank, N.A., in Houston, Texas and a Bondholder, interest on the Bonds is payable by check or draft of the Paying Agent, dated as of the interest payment date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds will be issued only in fully registered form in denominations of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS**\$2,995,000 Serial Bonds**

Maturity (March 1)	Principal Amount	Interest Rate	Initial Offering Yield (a)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Offering Yield (a)
2011	\$ 25,000	3.000%	1.700%	2018	\$ 25,000	3.750%	3.750%
2012	25,000	3.000%	2.000%	*****	*****	*****	*****
2013	25,000	3.000%	2.250%	2031(b)	645,000	4.875%	5.000%
2014	25,000	3.000%	2.500%	2032(b)	680,000	4.875%	5.050%
2015	25,000	3.000%	2.750%	2033(b)	715,000	4.875%	5.100%
2016	25,000	3.250%	3.250%	2034(b)	755,000	5.000%	5.150%
2017	25,000	3.500%	3.500%				

\$1,005,000 Term Bonds

\$150,000 Term Bonds Due March 1, 2021 (a)(b)(c) Interest Rate 4.375% (Price \$100.000)

\$200,000 Term Bonds Due March 1, 2025 (a)(b)(c) Interest Rate 4.625% (Price \$98.672)

\$280,000 Term Bonds Due March 1, 2028 (a)(b)(c) Interest Rate 4.625% (Price \$97.326)

\$375,000 Term Bonds Due March 1, 2030 (a)(b)(c) Interest Rate 4.875% (Price \$99.052)

- (a) The yields of the Bonds were established by and are the sole responsibility of the Underwriter (as defined herein), and may subsequently be changed. The yields indicated above represent the lower of the yields resulting when priced to maturity or the first call date.
- (b) Subject to optional redemption as described above and herein (see "THE BONDS – Redemption Provisions - *Optional Redemption*").
- (c) Subject to mandatory redemption by lot or customary method of random selection on March 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

The Bonds are issued out of the \$16,700,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$3,305,000 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds is expected on or about April 20, 2010.

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

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

Use and Distribution of Bond Proceeds

Proceeds of the Bonds will be used to pay for the District's expenses for the construction and engineering costs of wastewater line rehabilitation. In addition, proceeds of the Bonds will be used to pay one year of capitalized interest on the Bonds; and to pay certain administrative and issuance costs of the Bonds. The District's present estimate of the use of the proceeds of the Bonds, as approved by the TCEQ, is as follows:

	<u>District's Share</u>
<u>Construction Costs</u>	
A. Developer Contribution Items	
1. None.	
B. District Items	
1. Wastewater Line Rehabilitation	\$2,700,000
2. Contingencies	270,000
3. Engineering	<u>445,500</u>
Total District Items	\$3,415,500
TOTAL CONSTRUCTION COSTS	\$3,415,500
<u>Nonconstruction Costs</u>	
Legal Fees	\$ 100,000
Fiscal Agent Fees	75,000
Capitalized Interest (12 months)	190,619
Bond Discount (2.93514%)	117,406
Bond Issuance Expenses	30,500
Bond Application Report	35,000
Attorney General Fee	4,000
TCEQ Bond Issuance Fee (0.25%)	10,000
Contingency (a)	<u>21,975</u>
TOTAL NONCONSTRUCTION COSTS	\$ 584,500
TOTAL BOND ISSUE REQUIREMENT	<u>\$4,000,000</u>

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

OFFICIAL STATEMENT DATED MARCH 18, 2019

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAXATION UNDER EXISTING LAW, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book Entry Only

S&P (BAM Insured)..... "AA"
Moody's (Underlying)..... "A2"
See "MUNICIPAL BOND INSURANCE" and "RATINGS."

\$5,800,000

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Harris County)

UNLIMITED TAX BONDS

SERIES 2019

Interest accrues from: April 1, 2019

Due: March 1, as shown on inside cover

The \$5,800,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"), are obligations of Northampton Municipal Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or the City of Houston, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from April 1, 2019, and is payable on September 1, 2019, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiples thereof.

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

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

The Bonds are issued out of the \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, \$17,930,051 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS – Issuance of Additional Debt."

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

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



The Bonds are offered when, as, and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about April 18, 2019.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2037 (c)	\$445,000	3.250%	3.250%	663662 RS5	2041 (c)	\$830,000	3.375%	3.500%	663662 RW6
2038 (c)	470,000	3.250%	3.300%	663662 RT3	2042 (c)	1,495,000	3.500%	3.550%	663662 RX4
2039 (c)	490,000	3.250%	3.350%	663662 RU0	2043 (c)	1,560,000	3.500%	3.600%	663662 RY2
2040 (c)	510,000	3.375%	3.450%	663662 RV8					

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest is to be added to the price.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on March 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Bacon & Wallace, L.L.P., 6363 Woodway Drive, Suite 800, Houston, Texas 77057, upon payment of duplication costs.

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

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 offering document.

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate, which was tendered by Raymond James & Associates, Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates on the inside cover page of this Official Statement, at a price of 97.863279% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.516765%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

Other than as set forth in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the issue prices at which each maturity has been offered to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Other than as set forth in the Official Notice of Sale, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy attached as "APPENDIX B" to this Official Statement.

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$526 million, \$113 million and \$414 million, respectively.

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

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

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

Additional Information Available from BAM

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

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any

offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

RATINGS

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

Moody's has assigned an underlying credit rating of "A2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The District.....	Northampton Municipal Utility District (the “District”), a political subdivision of the State of Texas, is located in Harris County, Texas. See “THE DISTRICT.”
The Bonds.....	The District’s \$5,800,000 Unlimited Tax Bonds, Series 2019 (the “Bonds”), are dated April 1, 2019, and mature on March 1 in each of the years and in the principal amounts shown on the inside cover hereof. Interest on the Bonds accrues from April 1, 2019, at the rates set forth on the inside cover page hereof, and is payable on September 1, 2019, and on each March 1 and September 1 thereafter until maturity or earlier redemption. See “THE BONDS.”
Redemption of the Bonds	The Bonds are subject to redemption, in whole or from time to time in part, on March 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See “THE BONDS – Redemption.”
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System” herein.
Source of Payment.....	The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located in the District. The Bonds are not obligations of the State of Texas; Harris County, Texas; or the City of Houston, Texas. See “THE BONDS – Source of Payment.”
Outstanding Bonds	<p>The District has previously issued twenty-one (21) series of bonds payable from the proceeds of taxes levied upon all taxable property located within the boundaries of the District. Of such previously issued series of bonds, \$26,600,000 principal amount remains outstanding as of March 2, 2019 (the “Outstanding Bonds”).</p> <p>The District has also previously issued three (3) series of unlimited tax bonds (“Defined Area Bonds”) that are secured by the proceeds of taxes levied upon taxable property located only within the Defined Area (herein defined) in the District.</p> <p>The Bonds and the Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, that is separate from the ad valorem taxes, also without legal limitation as to rate or amount, that are levied by the District for payment of debt service on the Defined Area Bonds and any additional bonds that the District may issue hereafter for the</p>

purpose of constructing facilities that serve the Defined Area. Proceeds of taxes levied by the District for payment of debt service on Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See “THE BONDS – Outstanding Bonds.”

Payment Record.....	The District has never defaulted in the timely payment of principal of and interest on its prior bonded indebtedness.
Authority for Issuance.....	The Bonds are issued out of an aggregate of \$43,500,000 principal amount of unlimited tax bonds authorized by the District’s voters at elections held on February 2, 2002, and November 6, 2012, for the purpose of purchasing or constructing a water, wastewater and storm drainage system. The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the order of the District authorizing the issuance of the bonds (the “Bond Order”), the Texas Constitution, Chapters 49 and 54, Texas Water Code, and the general laws of the State of Texas. See “INVESTMENT CONSIDERATIONS – Future Debt” and “THE BONDS – Authority for Issuance,” and “– Issuance of Additional Debt.”
Authorized But Unissued Bonds.....	After the issuance of the Bonds, \$17,930,051 principal amount of unlimited tax bonds will remain authorized but unissued for water, sanitary sewer, and drainage facilities to serve the land within the District, all of which may also be used for refunding purposes. See “THE BONDS – Authority for Issuance” and “– Issuance of Additional Debt.”
Use of Proceeds	Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the projects set out herein under “THE BONDS – Use and Distribution of Bond Proceeds.” In addition, proceeds from the sale of the Bonds will be used to pay costs of issuance associated with the Bonds. See “THE BONDS – Use and Distribution of Bond Proceeds.”
Municipal Bond Insurance	Build America Mutual Assurance Company. See “MUNICIPAL BOND INSURANCE” above.
Ratings	S&P (BAM Insured): “AA.” Moody’s (Underlying): “A2.” See “RATINGS” above.
Qualified Tax-Exempt Obligations.....	The District has designated the Bonds as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Legal and Tax Opinion.....	Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”

THE DISTRICT

Description.....	The District is a political subdivision of the State of Texas located within Harris County, Texas. The District encompasses approximately 1,598 total acres of land located approximately 30 miles north of the central business district of the City of Houston, Texas. The District is bounded on the south by Root Road, on the east by Spring Creek, and is approximately one mile east of Kuykendahl Road. The District lies entirely within the extraterritorial jurisdiction of the City of Houston, Texas, and is located within Klein Independent School District. The Defined Area
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is located entirely within the bounds of the District. See “THE DISTRICT – Description.”

Authority.....The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT – General.”

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 August 20, 2012, the District approved the creation of a defined area encompassing approximately 439.69 acres within the District (the “Defined Area”). See “THE DEFINED AREA.”

Development of the District.....To date, within the District, approximately 1,164.41 acres have been developed as 2,308 total single-family lots in the following residential subdivisions: Hampton Creek, Sections 1–9 (503 lots); Northampton, Sections 1–5 and 8 (1,073 lots); The Oaks of Northampton (27 lots); Northampton Forest, Sections 1–3 (205 lots); Northampton Estates, Phases I–III (250 lots); Woods of Northampton, Sections 1 and 2 (39 lots); Terrace of Northampton Estates (13 lots); Courts at Auburn Lakes (53 lots); Inway Forest of Northampton (12 lots); Inway Oaks Estates, Sections 1 and 2 (51 lots); Stratton Woods (40 lots); and Dovershire Place, Section 1 (42 lots). As of February 1, 2019, the District included approximately 2,134 completed homes; approximately 24 homes under construction; and approximately 150 developed but vacant lots available for new home construction.

Residential development within the District also includes the following multi-family properties: a 346-unit apartment complex known as the Alexan Auburn Lakes on 14.36 acres and a 308-unit apartment complex known as Waterford Springs on approximately 21.52 acres. In addition, approximately 18.59 acres have been developed with utilities to serve a planned apartment complex that has not been constructed.

The District includes approximately 202.47 acres of commercial development. Commercial development includes office buildings, a Conoco gas station, Dave’s express gas station, a Shell gas station, retail strip centers, a private tennis club, Spring Volunteer Fire Department Station No. 2, recreational facilities, Willow Creek Golf Club (a portion of which lies within the 100-year flood plain), and developed park land. The District also includes two school sites on approximately 27.08 acres, approximately 74.79 undevelopable acres, and approximately 75.15 undeveloped but developable acres. See “STATUS OF DEVELOPMENT OF THE DISTRICT.”

Developers in the District.....D.R. Horton-Texas, Ltd. (“DR Horton”) is the most active developer of single-family residential properties in the District and the sole developer and homebuilder of single-family properties in the Defined Area. DR Horton is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange and is the largest homebuilder in the country. To date, approximately 356.34

acres within the Defined Area have been developed as approximately 503 single-family lots in the residential subdivision of Hampton Creek, Sections 1–9. As of February 1, 2019, the Defined Area included approximately 415 completed homes (approximately 346 occupied, 155 unoccupied, and 2 model homes); approximately 18 homes under construction; and approximately 70 developed lots available for new home construction. The single-family homes being constructed by DR Horton range in size from approximately 1,500 to 4,000 square feet and in price from approximately \$200,000 to \$400,000.

SC Waterford Springs LLC has developed approximately 21.52 acres in the Defined Area of the District as a multi-family residential property known as Waterford Springs, an apartment complex that includes 308 total units and that is currently open and actively leasing. SC Waterford Springs II, LLC owns approximately 18.59 acres on which a second apartment complex of approximately 300 units is being planned. According to SC Waterford Springs II, LLC, a start date for construction of the second apartment complex has not been determined.

MRE, LLC (“MRE”) has developed approximately 23.91 acres as 51 single-family lots in the residential subdivision of Inway Oaks Estates, Sections 1 and 2. Infinity Classic Homes (“Infinity”) has purchased half of those lots and plans to purchase the remaining lots for home construction. As of February 1, 2019, said subdivision included 16 completed homes, 2 homes under construction, and 33 vacant, developed lots. Infinity is a Houston-area homebuilder that has built over 500 homes in a dozen subdivisions since beginning its operations in 2008. MRE and Infinity are under the common ownership of Mike Wilkinson and John Castro.

Partners In Building, L.P., (“PIB”) a Texas limited partnership, has developed approximately 40 single-family lots on 20.34 acres, known as the residential subdivision of Stratton Woods. As of February 1, 2019, said subdivision included 31 completed homes, 4 homes under construction, and 5 vacant, developed lots.

BLD Gosling, LLC (“BLD”) has developed approximately 42 single-family lots that have been platted as the subdivision of Dovershire Place, Section 1, on approximately 18.30 acres. DR Horton has entered into a contract with BLD for the purchase of this project.

Shops on Gosling, LLC (“Shops”) has acquired 4.9277 acres along Gosling Road, and the tract has been recently annexed into the boundaries of the District. Shops plans to construct commercial retail development on this site.

The Landmark at Auburn Lakes, LLC (“Landmark”) has acquired a total of 30.72 acres west of Gosling Road, north of Dovershire Road, and south of West Rayford Road. The tract is in the process of being annexed into the boundaries of the District and is planned to be developed as 408 units of apartments.

DR Horton, SC Waterford Springs LLC, SC Waterford Springs II, LLC, MRE, PIB, and BLD are referred to herein collectively as the “Developers.” See “DEVELOPERS.”

Other Landowners in the DistrictMaple Multi-Family Operations, L.L.C. (“Maple”) has completed development of Alexan Auburn Lakes, a 346-unit apartment complex located on 14.37 acres. Maple is owned and controlled by Trammel Crow Residential. Trammel Crow Residential is a Dallas-based multifamily real estate company.

Gosling Village, LLC, an entity controlled by Bryan Frenchak, owns approximately 25.58 acres but has not reported any development plans to the District.

Hampton on the Lakes, LLC, an entity controlled by Bryan Frenchak, owns approximately 16.00 acres in the District. Currently, the District is not aware of any plans to develop such acreage.

Hurricane HarveyThe Houston area, including Harris County, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 26, 2017. According to the Engineer (herein defined) and the General Manager of the District, there were approximately 143 single-family homes that experienced structural flooding or damage as a result of Hurricane Harvey. In addition, one multi-family residential property within the Defined Area of the District, the Waterford Springs apartment complex described above, experienced structural flooding. All affected units in the complex have since been repaired and are currently either occupied or available for tenants. Further, to the best knowledge of the Engineer and the Operator (herein defined), there was minimal impact and minor damage to the District’s utility systems. Both the water and wastewater systems remained operational throughout the event however and all repairs have been completed. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. See “INVESTMENT CONSIDERATIONS – Hurricane Harvey,” “– Potential Impact of Natural Disaster,” and “– Specific Flood Type Risks.”

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT RISKS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION ENTITLED “INVESTMENT CONSIDERATIONS,” BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2018 Taxable Assessed Valuation.....	\$ 626,575,874 (a)
Estimate of Value as of February 1, 2019.....	\$ 685,873,581 (b)
Direct Debt:	
The Outstanding Bonds (as of March 2, 2019).....	\$ 26,600,000
The Bonds.....	<u>\$ 5,800,000</u>
Total.....	\$ 32,400,000
Estimated Overlapping Debt.....	<u>\$ 48,995,753 (c)</u>
Total Direct and Estimated Overlapping Debt.....	\$ 81,395,753
Direct Debt Ratios:	
As a Percentage of the 2018 Taxable Assessed Valuation.....	5.17 %
As a Percentage of the Estimate of Value as of February 1, 2019.....	4.72 %
Direct and Estimated Overlapping Debt Ratios:	
As a Percentage of the 2018 Taxable Assessed Valuation.....	12.99 %
As a Percentage of the Estimate of Value as of February 1, 2019.....	11.87 %
District Fund Balances as of February 18, 2019	
Debt Service Fund.....	\$ 2,964,541 (d)
Capital Projects Fund.....	\$ 2,626,972
General Operating Fund.....	\$ 4,268,514
2018 Tax Rate per \$100 of Assessed Valuation	
Debt Service.....	\$0.330 (e)
Maintenance & Operation.....	<u>\$0.250</u>
Total.....	\$0.580
Average Annual Debt Service Requirement (2019–2043).....	\$1,938,910 (f)
Maximum Annual Debt Service Requirement (2025).....	\$2,250,306 (f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Average Annual Debt Service Requirement (2019–2043) at 95% Collections	
Based on the 2018 Taxable Assessed Valuation.....	\$0.33
Based on the Estimate of Value as of February 1, 2019.....	\$0.30
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Maximum Annual Debt Service Requirement (2025) at 95% Tax Collections	
Based on the 2018 Taxable Assessed Valuation.....	\$0.38
Based on the Estimate of Value as of February 1, 2019.....	\$0.35

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2018, provided by the Harris County Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Harris County Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of February 1, 2019, and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District from January 1, 2018, through February 1, 2019. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Includes all \$11,790,000 principal amount of Defined Area Bonds outstanding as of March 2, 2019, as well as the District's pro rata share, based on taxable value, of the outstanding debt of the taxing jurisdictions overlapping the District. See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Order requires that any particular amount be maintained in the Debt Service Fund.
- (e) Represents the tax levied by the District upon taxable property located within the entire District, including the Defined Area, for payment of debt service on the Outstanding Bonds and the Bonds. This tax is separate from the ad valorem taxes that are levied by the District upon taxable property located only within the Defined Area for payment of debt service on the Defined Area Bonds. Proceeds of taxes levied by the District for payment of debt service on the Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See "TAX DATA – Estimated Overlapping Taxes."
- (f) Represents a requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Northampton Municipal Utility District (the “District”) of its \$5,800,000 Unlimited Tax Bonds, Series 2019 (the “Bonds”).

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the Texas Constitution, the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended, and an order authorizing issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”); and an election held within the District.

There follows in this Official Statement descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District, c/o Bacon & Wallace, L.L.P., 6363 Woodway Drive, Suite 800, Houston, Texas 77057, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by the form of the Bonds contained in the Bond Order. A copy of the Bond Order may be obtained upon request to Bond Counsel.

The Bonds are dated April 1, 2019, and will mature on March 1 of the years and in the principal amounts set forth on the inside cover page hereof and will accrue interest, on the basis of a 360-day year composed of twelve thirty-day months, at the stated interest rates indicated on the inside cover page hereof. Principal of the Bonds will be payable at Regions Bank, an Alabama banking corporation, Houston, Texas, (the “Paying Agent/Registrar”), upon surrender of the Bonds for payment. Interest on the Bonds accrues from April 1, 2019 (or the most recent interest payment date to which interest has been paid or duly provided for) and is payable on September 1, 2019, and on each March 1 and September 1 thereafter (each an “Interest Payment Date”) until maturity or prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and the registered owner(s) of the Bonds (the “Registered Owners”), interest on the Bonds is payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar on or before the Interest Payment Date to the Registered Owners shown on the records of the Paying Agent/Registrar as of the close of business on the fifteenth (15th) day of the calendar month next preceding each Interest Payment Date (the “Record Date”). The Bonds are issued only in fully registered form. The Bonds will be issued in denominations of \$5,000 principal amount, or integral multiples thereof.

Book-Entry-Only System

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

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

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One

fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, District or Paying Agent/Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or 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.

Use of Certain Terms in Other Sections of this Official Statement

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

Paying Agent/Registrar

The initial Paying Agent/Registrar is Regions Bank, an Alabama banking corporation, Houston, Texas. The Bonds are being issued in fully registered form in integral multiples of \$5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each Interest Payment Date by the Paying Agent/Registrar to the Bondholder at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date.

Assignments, Transfers, and Exchanges

The Bonds may be transferred, registered, and assigned only on the registration books of the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of delivery, any Bond may be transferred or exchanged upon its presentment and surrender at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer, exchange, or replace the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Paying Agent/Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to issue, transfer, or exchange any Bond during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the day of such mailing, or (3) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date.

Replacement of Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bond at the principal payment office of the Paying Agent/Registrar, currently in Houston, Texas, or receipt of satisfactory evidence by the Paying Agent/Registrar of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to keep them harmless. Registered Owners of lost, stolen, or destroyed Bonds will be required to pay all costs associated with replacement of such Bonds. The District and the Paying Agent/Registrar may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Outstanding Bonds

The District has previously issued twenty-one (21) series of bonds payable from the proceeds of taxes levied upon all taxable property located within the boundaries of the District. Of such previously issued series of bonds, \$26,600,000 principal amount remains outstanding as of March 2, 2019 (the "Outstanding Bonds").

The District has also previously issued three (3) series of unlimited tax bonds ("Defined Area Bonds") that are secured by the proceeds of taxes levied upon taxable property located only within the Defined Area (herein defined) in the District. See "THE DEFINED AREA" for a discussion of the Defined Area Bonds.

Authority for Issuance

The Bonds are issued from an aggregate of \$43,500,000 principal amount of unlimited tax bonds authorized by the District's voters at elections held on February 2, 2002, and November 6, 2012, for the purpose of purchasing or constructing a water, wastewater and storm drainage system serving the District (the "District Utility System") and for the refunding of bonds issued by the District for the District Utility System. Following the issuance of the Bonds, \$17,930,051 principal amount of unlimited tax bonds will remain authorized but unissued for the purpose of purchasing or constructing District Utility System or for the refunding of bonds issued by the District for the District Utility System. See "- Issuance of Additional Debt" below.

The Bonds are issued pursuant to an Order of the TCEQ; the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59, of the Texas Constitution, and general laws of the State of Texas.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, together with the principal and interest on the Outstanding Bonds and such additional tax bonds of the District as may hereafter be issued by the District, if any, are payable from and secured by 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, including property within the Defined Area. However, taxes separately levied for the repayment of Defined Area Bonds are not pledged to the repayment of the Outstanding Bonds or the Bonds.

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision or agency other than the District.

Redemption

The District reserves the right, at its option, to redeem the Bonds prior to their scheduled maturities, in whole or in part, on March 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are optionally redeemed at any time, the particular Bonds to be optionally redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity and if fewer than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC while the Bonds are in Book-Entry-Only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of

the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Defeasance

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

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

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

Amendments to Bond Order

The Bond Order contains provisions that the District may, without consent of or notice to any Registered Owner of the Bonds, amend, change or modify the Bond Order as may be required (a) by the provisions thereof, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein, or (c) in connection with any other change which is not to the prejudice of the Registered Owners of the Bonds. Except for such amendments, changes, or modifications, the District shall not amend, change, or modify the Bond Order in any manner without the consent of the Registered Owners of the Bonds as described in the Bond Order. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking corporation organized 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.

Issuance of Additional Debt

The District has reserved in the Bond Order the right to issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created and for refunding purposes. The Bonds are issued out of the aggregate \$43,500,000 principal amount of unlimited tax bonds authorized to be issued by the District for the purpose of acquiring or constructing the District Utility System and for the refunding of bonds issued by the District for the District Utility System. Following the issuance of the Bonds, the District will have the right to issue the \$17,930,051 principal amount of unlimited tax bonds that remain authorized but unissued for the District Utility System, all of which may also be used for refunding purposes. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District.

Voters of the District have also authorized the District's issuance of \$17,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements serving the Defined Area (the "Defined Area Road System"), and for the refunding of such bonds, and the levy of an annual ad valorem tax, unlimited as to rate or amount, upon taxable property located within the Defined Area that is sufficient to provide for payment of bonds issued by the District for the Defined Area Road System; and \$41,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage improvements within the Defined Area (the "Defined Area Utility System"), and for the refunding of such bonds, and the levy of an annual ad valorem tax, unlimited as to rate or amount, upon taxable property located within the Defined Area that is sufficient to provide for payment of bonds issued by the District for the Defined Area Utility System. To date, the District has issued three series of bonds from such voted authorizations, and the following principal amounts of unlimited tax bonds for financing improvements within the Defined Area remain authorized but unissued: \$11,280,000 for the purpose of acquiring or constructing the Defined Area Road System and \$34,510,000 for the purpose of acquiring or constructing the Defined Area Utility System. See "THE DEFINED AREA."

The District anticipates issuing more bonds for such purposes as future development in the District and the Defined Area necessitates. In the opinion of the Engineer, the amounts of remaining authorized but unissued bonds noted above will be sufficient to complete development of the District, including the Defined Area within. Developing environmental regulations and conversion to surface water could also result in the need to finance additional improvements.

After the issuance of the Bonds, the District will owe the Developers approximately \$4,434,146 for funds advanced for the construction of the District Utility System. In addition, the District currently owes the Developers \$0 for funds advanced for the construction of the Defined Area Road System and approximately \$8,020,828 for funds advanced for the construction of the Defined Area Utility System.

In addition to the foregoing, the District is authorized by law to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents, including that of the TCEQ, allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from the net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ. In 2006, the District issued \$1,775,000 principal amount of bonds to finance parks and recreation facilities, and all such principal amount has been retired. The District has no additional authorized bonds for parks and recreation facilities.

The District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, without additional voter approval. The Bond Order places no limitation on the amount of additional bonds which may be issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) approval of the master plan and bonds by the TCEQ; and (3) approval of bonds by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. At this time, the District has no plans to engage in firefighting activities.

Annexation and Consolidation

The District lies within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). Generally, under Texas law, the District may be annexed in whole, but not in part, by the City without the District's consent, in which case the City must assume the assets, functions and obligations of the District, including the Bonds. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. No representation is made concerning the likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

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.

Strategic Partnership Agreements

Under Texas law, the District is authorized to enter into a strategic partnership agreement with the City to set forth the services that would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District, or any portion thereof, were to be annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District, and could provide for limitations on the timing of annexation of the District by the City, the continuation of the District as a limited district following general purpose annexation by the City, the conversion of a limited purpose annexation to a general purpose annexation, or the payment of a fee in lieu of annexation to be derived from residential property within the District based on the costs of providing municipal services to the District. Although the City has negotiated and entered into such an agreement with one or more other districts in its extraterritorial jurisdictions, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Registered Owners' Remedies

The Bond Order provides that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to levy adequate taxes to make such payments or to observe and perform other covenants, obligations or conditions

in the Bond Order. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

The Bond Order provides no additional remedies to a Registered Owner. The Bond Order does not provide for the appointment of a trustee 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. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property within the District or sell property of the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 municipal bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below. Certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. § 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of

the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds will be used by the District to pay for the construction and non-construction costs set out below.

<u>Construction Costs</u>	<u>District Share</u>
A. Developer Contribution Items	
1. CST Water and Sanitary Sewer Extension	\$ 142,205
2. Engineering	48,965
Total Developer Contribution Items	\$ 191,170
B. District Items	
1. WWTP Improvements	\$ 1,275,000
2. Water Well No. 1 Rework	221,000
3. Water Plant No. 3 Overage	201,478
4. Creekview Lift Station Improvements	2,104,000
5. Contingencies (10% of Item Nos. 1-4)	380,148
6. Engineering (17.74% of Item Nos. 1-4)	674,255
7. Estimated Land Acquisition Cost	173,000
Total District Items	\$ 5,028,881
Total Construction Costs	\$ 5,220,051
<u>Non-Construction Costs</u>	
A. Legal Fees (2.50%)	\$ 145,000
B. Fiscal Agent Fees (2.00%)	116,000
C. Developer Interest	20,102
D. Bond Discount	123,930
E. Bond Issuance Expenses	46,547
F. Bond Application Report Costs	58,000
G. Attorney General Fee (0.10%)	5,800
H. TCEQ Bond Issuance Fee (0.25%)	14,500
I. Contingency	50,070
Total Non-Construction Costs	\$ 579,949
TOTAL BOND ISSUE REQUIREMENT	\$ 5,800,000

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

THE DISTRICT

General

The District is a municipal utility district which was created as “Norchester Municipal Utility District” by the Texas Legislature pursuant to Article 16, Section 59 of the Constitution of Texas and by Chapter 344, Acts of the 60th Legislature of Texas (HB No. 536) effective June 18, 1967. The District subsequently changed its name to “Northampton Municipal Utility District.” The creation of the District was confirmed at an election held within the District on December 9, 1967. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, including particularly Chapters 49 and 54, Texas Water Code, Vernon’s Texas Codes Annotated, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of stormwater. The District also contracts for solid waste disposal and collection services and operates and maintains recreational facilities.

The District is empowered, if approved by the electorate, and the TCEQ and other governmental entities having jurisdiction, to establish, operate, and maintain a fire department, either independently or jointly with certain other districts.

Description

As originally created, the District contained approximately 773 acres. Due to subsequent annexations, the District presently contains approximately 1,598 acres. Effective August 20, 2012, Houston Gosling Woodlands, L.P. (the “Houston Gosling”) and the District entered into a “Financing Agreement” pursuant to which Houston Gosling agreed to submit a proposed defined area plan for consideration by the Board of Directors of the District relating to an area within the District encompassing 439.686 acres. On August 20, 2012, the Board of Directors took action to proceed with the creation of the Defined Area within the boundaries of the District. The Defined Area creation was confirmed at an election within the Defined Area on November 6, 2012. The Defined Area is being developed as single-family residential and multi-family developments. See “THE DEFINED AREA.”

Under Texas law, an owner of land outside the boundaries of the District may petition to be annexed into the District, provided the annexation is found to be feasible and in the best interests of the District, and subject to review and approval by the City and the United States Justice Department, however, no legal mechanism exists to annex land solely into the Defined Area. No representations can be made whether the District will annex additional tracts of land into its boundaries and, if it does, whether such annexed land will be successfully developed such that the additional bonded indebtedness of the District required to provide utility services to the land will be offset by the additional tax base produced by the development of taxable improvements.

The District is located in northwest Harris County approximately 30 miles north of the central business district of the City and 5 miles west of the City of Spring, Texas. The District lies entirely within the extraterritorial jurisdiction of the City and is located within the Klein Independent School District. The District is located approximately 4 miles west of Interstate Highway 45 and is bounded on the east by Spring Creek, on the south by Root Road, and is approximately 1 mile east of Kuykendahl Road.

Topography and Flood Hazards

Elevations within the District vary from approximately 89 to 151 feet mean sea level. A majority of the land drains north from Root Road to Willow Creek, which ultimately drains to Spring Creek. Approximately 516 acres of the District lie within the 100-year floodplain or floodway of Willow Creek and Spring Creek, a substantial portion of which has been developed as a golf course. Courts at Auburn Lakes has a very small part of approximately 23 lots that back up to the golf course which are currently in the floodplain. In Northampton, Section 4 approximately 37 lots include a portion of the drainage ditch and therefore are partially located in the 100-year floodplain. No action is currently being taken by the District to remove the land currently in the official floodplain. See “THE SYSTEM – 100-Year Flood Plain.”

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. All of the present members of the Board reside within the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Title	Term Expires May
E.C. Thomas	President	2022
W. Paul Schneider	First Vice President	2022
Ryan Bennett	Second Vice President	2020
Scott Kirkpatrick	Secretary	2020
Roger A. Flood III	Treasurer/Investment Officer	2020

The District employs Jim Sheffield as general manager and has several full-time and part-time employees. The District has established a SIMPLE Individual Retirement Account plan for its employees. See Note 11 to the District's financial statements attached hereto as "APPENDIX A."

The District has also contracted for utility system operating, bookkeeping, tax assessing services and annual auditing of its books as follows:

Tax Assessor/Collector: The District's Tax Assessor/Collector is Tax Tech, Inc. Such firm acts as tax assessor for more than 100 utility districts.

Bookkeeper: The District's bookkeeper is L&S District Services, LLC ("L&S"). L&S acts as bookkeeper for more than 80 utility districts.

Utility System Operator: The District's operator is Hays Utility South Corporation (the "Operator"). Such firm acts as operator for approximately 80 utility systems.

Auditor: The District has contracted McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, to audit its financial records for the fiscal year ended December 31, 2017, which have been included as "APPENDIX A."

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Jones & Carter, Inc. (the "Engineer").

Bond Counsel: The District has engaged Bacon & Wallace, L.L.P., Houston, Texas, 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. Bacon & Wallace, L.L.P. also acts as general counsel for the District.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P. as Disclosure Counsel. The legal fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold, and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District and has participated in the preparation of the Official Statement, however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third parties. See "OFFICIAL STATEMENT - Experts."

THE 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 August 20, 2012, the District approved the creation of a defined area encompassing approximately 439.69 acres (the "Defined Area"), and such creation was confirmed at an election within the Defined Area on November 6, 2012.

At an election within the District on November 6, 2012, the voters also authorized the District's issuance of \$41,000,000 principal amount of bonds to finance the Defined Area Utility System as well as \$17,000,000 principal amount of bonds to finance the Defined Area Road System. Bonds issued for the Defined Area are payable solely from the proceeds of taxes levied within the boundaries of the Defined Area and not on any other part of the District.

From the voted authorizations referenced above, the District has previously issued two series of bonds for the purpose of acquiring or constructing the Defined Area Road System and one series of bonds for the purpose of acquiring or constructing the Defined Area Utility System. Of such three prior series of bonds, \$11,790,000 principal amount remains outstanding as of March 1, 2019, and the following principal amounts of unlimited tax bonds for financing improvements within the Defined Area will remain authorized but unissued: \$11,280,000 for the purpose of acquiring or constructing the Defined Area Road System, and for the purpose of refunding of bonds issued by the District for the Defined Area Road System, and \$34,510,000 for the purpose of acquiring or constructing the Defined Area Utility System, and for the purpose of refunding of bonds issued by the District for the Defined Area Utility System.

The voters also approved the levy of a maintenance tax, in an amount not to exceed \$0.64 per \$100 of assessed valuation, upon all taxable property located in the Defined Area. For tax years 2013–2016, the District levied such maintenance tax in the amount of \$0.64 per \$100 of assessed valuation. For tax years 2017 and 2018, the District did not levy this maintenance tax upon property in the Defined Area, and it is not anticipated that said maintenance tax on the Defined Area will be levied in subsequent years. All such taxes levied by the District upon the Defined Area are in addition to the taxes levied by the District upon all taxable property within the District, including the Define Area. See "TAX DATA – Estimated Overlapping Taxes."

D.R. Horton-Texas, Ltd. ("DR Horton") is the sole developer of single-family residential properties in the Defined Area. DR Horton is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange and is the largest homebuilder in the country. To date, approximately 356.34 acres within the Defined Area have been developed as approximately 503 single-family lots in the residential subdivision of Hampton Creek, Sections 1–9. As of February 1, 2019, the Defined Area included approximately 415 completed homes (approximately 346 occupied, 155 unoccupied, and 2 model homes); approximately 18 homes under construction; and approximately 70 developed lots available for new home construction.

SC Waterford Springs LLC has developed approximately 21.52 acres in the Defined Area as a multi-family residential property known as Waterford Springs, an apartment complex that includes 308 total units and that is currently open and actively leasing. SC Waterford Springs II, LLC owns approximately 18.59 acres on which a second apartment complex of approximately 300 units is being planned. According to SC Waterford Springs II, LLC, a start date for construction of the second apartment complex has not been determined.

Gosling Village, LLC, an entity controlled by Bryan Frenchak, owns approximately 25.58 acres within the Defined Area but has not reported any development plans to the District. The 18.59-acre tract owned by SC Waterford Springs II, LLC and the 25.58-acre tract owned by Gosling Village, LLC are the only undeveloped but developable acreage in the Defined Area. The remainder of the lands within the Defined Area includes approximately 17.66 acres that are undevelopable.

STATUS OF DEVELOPMENT OF THE DISTRICT

To date, within the District, approximately 1,164.41 acres have been developed as 2,308 total single-family lots in the following residential subdivisions: Hampton Creek, Sections 1–9 (503 lots); Northampton, Sections 1–5 and 8 (1,073 lots); The Oaks of Northampton (27 lots); Northampton Forest, Sections 1–3 (205 lots); Northampton Estates, Phases I–III (250 lots); Woods of Northampton, Sections 1 and 2 (39 lots); Terrace of

Northampton Estates (13 lots); Courts at Auburn Lakes (53 lots); Inway Forest of Northampton (12 lots); Inway Oaks Estates, Sections 1 and 2 (51 lots); Stratton Woods (40 lots); and Dovershire Place, Section 1 (42 lots). As of February 1, 2019, the District included approximately 2,134 completed homes; approximately 24 homes under construction; and approximately 150 developed but vacant lots available for new home construction.

Residential development within the District also includes the following multi-family properties: a 346-unit apartment complex known as the Alexan Auburn Lakes on 14.36 acres and a 308-unit apartment complex known as Waterford Springs on approximately 21.52 acres. In addition, approximately 18.59 acres have been developed with utilities to serve a planned apartment complex that has not been constructed.

The District includes approximately 202.47 acres of commercial development. Commercial development includes office buildings, a Conoco gas station, Dave's express gas station, a Shell gas station, retail strip centers, a private tennis club, Spring Volunteer Fire Department Station No. 2, recreational facilities, Willow Creek Golf Club (a portion of which lies within the 100-year flood plain), and developed park land. The District also includes two school sites on approximately 27.08 acres, approximately 74.79 undevelopable acres, and approximately 75.15 undeveloped but developable acres.

DEVELOPERS

D.R. Horton-Texas, Ltd. ("DR Horton") is the most active developer of single-family residential properties in the District and the sole developer and homebuilder of single-family properties in the Defined Area. DR Horton is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange and is the largest homebuilder in the country. To date, approximately 356.34 acres within the Defined Area have been developed as approximately 503 single-family lots in the residential subdivision of Hampton Creek, Sections 1–9. As of February 1, 2019, the Defined Area included approximately 415 completed homes (approximately 346 occupied, 18 unoccupied, and 2 model homes); approximately 18 homes under construction; and approximately 70 developed lots available for new home construction. The single-family homes being constructed by DR Horton range in size from approximately 1,500 to 4,000 square feet and in price from approximately \$200,000 to \$400,000.

SC Waterford Springs LLC has developed approximately 21.52 acres in the Defined Area of the District as a multi-family residential property known as Waterford Springs, an apartment complex that includes 308 total units and that is currently open and actively leasing. SC Waterford Springs II, LLC owns approximately 18.59 acres on which a second apartment complex of approximately 300 units is being planned. According to SC Waterford Springs II, LLC, a start date for construction of the second apartment complex has not been determined.

MRE, LLC ("MRE") has developed approximately 23.91 acres as 51 single-family lots in the residential subdivision of Inway Oaks Estates, Sections 1 and 2. Infinity Classic Homes ("Infinity") has purchased half of those lots and plans to purchase the remaining lots for home construction. As of February 1, 2019, said subdivision included 16 completed homes, 2 homes under construction, and 33 vacant, developed lots. Infinity is a Houston-area homebuilder that has built over 500 homes in a dozen subdivisions since beginning its operations in 2008. MRE and Infinity are under the common ownership of Mike Wilkinson and John Castro.

Partners In Building, L.P., ("PIB") a Texas limited partnership, has developed approximately 40 single-family lots on 20.34 acres, known as the residential subdivision of Stratton Woods. As of February 1, 2019, said subdivision included 31 completed homes, 4 homes under construction, and 5 vacant, developed lots.

BLD Gosling, LLC ("BLD") has developed approximately 42 single-family lots that have been platted as the subdivision of Dovershire Place, Section 1, on approximately 18.30 acres. DR Horton is under contract to purchase such acreage.

Shops on Gosling, LLC ("Shops") has acquired 4.9277 acres along Gosling Road, and the tract has been recently annexed into the boundaries of the District. Shops plans to construct commercial retail development on this site.

The Landmark at Auburn Lakes, LLC (“Landmark”) has acquired a total of 30.72 acres west of Gosling Road, north of Dovershire Road, and south of West Rayford Road. The tract is in the process of being annexed into the boundaries of the District and is planned to be developed as 408 units of apartments.

DR Horton, SC Waterford Springs LLC, SC Waterford Springs II, LLC, MRE, PIB, and BLD are referred to herein collectively as the “Developers.”

Other Landowners

Maple Multi-Family Operations, L.L.C. (“Maple”) has completed development of Alexan Auburn Lakes, a 346-unit apartment complex located on 14.37 acres. Maple is owned and controlled by Trammel Crow Residential. Trammel Crow Residential is a Dallas-based multifamily real estate company.

Gosling Village, LLC, an entity controlled by Bryan Frenchak, owns approximately 25.58 acres but has not reported any development plans to the District.

Hampton on the Lakes, LLC, an entity controlled by Bryan Frenchak, owns approximately 16.00 acres in the District. Currently, the District is not aware of any plans to develop such acreage.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(February 2019)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(February 2019)



TAX DATA

District Debt Service Tax

All taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any future tax-supported bonds that the District may hereafter issue for the District Utility System. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The Outstanding Bonds have been issued to provide water, sewer, drainage, and park facilities to serve land within the District. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. In 2018, the District levied a tax in the amount of \$0.33 per \$100 of assessed valuation for payment of debt service on the Outstanding Bonds and the Bonds. This debt service rate is levied against all taxable property located within the District. See "Tax Rate Distribution" below.

District Maintenance Tax

The Board also has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. The District voters have authorized the levy of such a maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such tax is in addition to the other taxes that the District is authorized to levy as described above. In 2018, the District levied a maintenance tax in the amount of \$0.25 per \$100 of assessed valuation. This maintenance tax is levied against all taxable property in the District. See "Tax Rate Distribution" below.

Tax Collection History

The following statement of tax collections sets forth in condensed form the historical assessed valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 12/31/18
2010	\$338,629,951	\$0.610	\$2,065,643	100.00%	2011	99.86%
2011	337,686,401	0.610	2,059,887	100.00	2012	99.88
2012	327,971,597	0.610	2,000,627	99.99	2013	99.88
2013	346,461,797	0.610	2,113,417	99.19	2014	99.89
2014	388,398,376	0.610	2,369,230	99.17	2015	99.78
2015	504,395,774	0.610	3,076,814	99.25	2016	99.81
2016	575,372,050	0.580	3,337,158	99.24	2017	99.62
2017	620,908,440	0.580	3,601,269	98.19	2018	98.78
2018	626,575,874	0.580	3,634,140	(b)	2019	(b)

(a) Represents the District's tax rate levied upon all taxable property located within the boundaries of the District. See "Tax Rate Distribution" below.

(b) In process of collections.

Tax Rate Distribution

The following sets out the components of the District's tax rate for each of tax years 2013–2018. The tax rates set forth below include only those taxes levied by the District upon all taxable property in the District. See "THE DEFINED AREA" for discussion of additional taxes levied by the District upon taxable property located only in the Defined Area.

	2018	2017	2016	2015	2014	2013
Debt Service	\$0.330	\$0.330	\$0.330	\$0.360	\$0.360	\$0.360
Maintenance	<u>\$0.250</u>	<u>\$0.250</u>	<u>\$0.250</u>	<u>\$0.250</u>	<u>\$0.250</u>	<u>\$0.250</u>
Total	\$0.580	\$0.580	\$0.580	\$0.610	\$0.610	\$0.610

Analysis of Tax Base

The following table illustrates the types of property that make up the total taxable assessed value of the District for each of tax years 2014–2018.

	2018	2017	2016	2015	2014
Type of Property	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value
Land	\$147,329,502	\$149,576,543	\$135,782,335	\$127,679,579	\$81,808,573
Improvements	561,634,021	550,318,656	497,786,717	434,104,651	361,596,149
Personal Property	7,459,359	7,516,688	8,096,710	8,217,452	6,531,313
Exemptions	<u>(89,847,008)</u>	<u>(86,503,447)</u>	<u>(66,293,712)</u>	<u>(65,605,908)</u>	<u>(61,537,659)</u>
Total	\$626,575,874	\$620,908,440	\$575,372,050	\$504,395,774	\$388,398,376

Principal Taxpayers

The following represents the District's principal taxpayers, type of property, and their taxable assessed values as of January 1, 2018:

Taxpayer	Types of Property	Taxable Value 2018 Tax Roll	Percent of District
Auburn Lakes Investors LLC	Land & Improvements	\$35,692,780	5.70%
SC Waterford Springs LLC (a)	Land & Improvements	27,873,000	4.45
Gosling Investments LLC (a)	Land & Improvements	3,573,365	0.57
BLD Gosling LLC (a)	Land	3,418,621	0.55
Willow Creek Golf Club Inc.	Land & Improvements	3,369,535	0.55
Infinity Classic Homes LLC	Land & Improvements	3,030,802	0.48
DR Horton Texas LTD (a)	Land & Improvements	2,852,322	0.46
Centerpoint Energy	Personal	2,582,520	0.41
6130 AL Development Group LLC	Land & Improvements	2,487,963	0.40
SC Waterford Springs II LLC (a)	Land	<u>2,195,381</u>	<u>0.35</u>
		\$87,076,289	13.90%

(a) Entity that is a developer of lands in the District. See "DEVELOPERS."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation that would be required to meet debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2018, or the estimate of value of the District as of February 1, 2019. The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2019–2043)	\$1,938,910
Debt Service Tax Rate of \$0.33 on the 2018 Taxable Assessed Valuation.....	\$1,964,315
Debt Service Tax Rate of \$0.30 on the Estimate of Value as of February 1, 2019	\$1,954,740
Maximum Annual Debt Service Requirement (2025).....	\$2,250,306
Debt Service Tax Rate of \$0.38 on the 2018 Taxable Assessed Valuation.....	\$2,261,939
Debt Service Tax Rate of \$0.35 on the Estimate of Value as of February 1, 2019	\$2,280,530

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Direct and Estimated

Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2018 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2018 Tax Rate
Harris County	\$0.418580
Harris County Department of Education	0.005190
Harris County Flood Control District	0.028770
Harris County Hospital District	0.171080
Port of Houston Authority	0.011550
Harris County Emergency Services District No. 7	0.096060
Harris County Emergency Services District No. 11	0.036060
Klein Independent School District	1.430000
Lone Star College System	0.107800
The District	<u>0.580000</u>
Total Tax Rate for District Not in Defined Area	\$2.885090
 The Defined Area	 <u>0.640000</u>
Total Tax Rate for District Defined Area	\$3.525090

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THE SYSTEM

Proceeds of the Outstanding Bonds were used to finance water, sanitary sewer and drainage lines to serve approximately 829 acres of single-family residential development, approximately 42 acres of developed park land, approximately 24 acres of commercial development, and approximately 124 acres consisting of a golf course and club house, an elementary school, and the District's facilities. The District's water supply and wastewater facilities, including distribution and collection systems, are fully integrated and all customers are "in-district" customers.

-Water Facilities-

Proceeds of the Outstanding Bonds were used to finance construction of the District's existing water supply system which consists of 2 water plants including 3 water wells, 4 ground storage tanks and 5 hydropneumatic tanks and booster pump facilities. The District is currently constructing a third water plant, scheduled to be completed in the third quarter of 2019, that will include one water well and one elevated storage tank. Upon completion of the third water plant, the District's water systems will be sufficient to provide water supply to 3,775 equivalent single-family connections ("esfc"). Currently, the District serves 3,206 esfc, and the ultimate development land within the District is projected to include 4,209 esfc.

-Water Contracts with Other Districts-

On April 13, 2013, the District entered an Emergency Water Supply Agreement with Harris County Municipal Utility District No. 1 whereby both districts agree to supply each other with water on an emergency basis, with appropriate provisions being made for the payment of water used and the operation and maintenance of the interconnect line.

On February 17, 1992, the District entered an Emergency Water Supply Agreement with Oakmont Public Utility District whereby, both districts agreed to supply each other with water on an emergency basis for a term of twenty years, with appropriate provisions being made for the payment of water used and the operation and maintenance of the interconnect line.

On September 24, 1985, the District entered an Emergency Water Supply Agreement with Encanto Real Utility District whereby both districts agree to supply each other with water on an emergency basis for a term of thirty-five years, with appropriate provisions being made for the payment of water used and the operation and maintenance of the interconnect line.

-Wastewater Treatment-

Proceeds from the Outstanding Bonds were used to finance construction of the District's existing wastewater treatment system which consists of a 1,400,000 gallon per day ("gpd") treatment plant (the "Plant"). Ownership of this 1,400,000 gpd plant is allocated by written agreements among the District and Oakmont Public Utility District ("Oakmont PUD"). Pursuant to such agreements, the District is allocated 1,040,000 gpd and Oakmont PUD is allocated 360,000 gpd. The District currently has sufficient capacity to serve approximately 4,160 esfc. Currently the District serves 3,206 esfc, and the developed land within the District is projected to include 4,209 esfc.

-Drainage Facilities-

Storm sewer lines ranging from 24" to 84" run throughout the entire District. All of the outfalls drain into Harris County Flood Control ditches that extend from the western border, around the northern border, and down along the eastern border of the District and ultimately outfalls into Willow Creek or Spring Creek.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or

regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 516 acres of the District lie within the 100-year floodplain or floodway of Willow Creek and Spring Creek, a substantial portion of which has been developed as a golf course. Courts at Auburn Lakes has a very small part of approximately 23 lots that back up to the golf course which are currently in the floodplain. In Northampton, Section 4 approximately 37 lots include a portion of the drainage ditch and therefore are partially located in the 100-year floodplain. No action is currently being taken by the District to remove the land currently in the official floodplain.

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 (the "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 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 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. The Authority currently charges the District a pumpage fee of \$3.40 per 1,000 gallons of groundwater pumped. However, effective April 1, 2019, the Authority will then charge the District a pumpage fee of \$3.85 per 1,000 gallons of groundwater pumped.

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 of \$8.75 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could

necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

Historical Operations of the System

The following statement sets forth in condensed form the historical results of operation of the District Utility System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements for the year ended December 31, 2017. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	For Fiscal Year Ended				
	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
<u>Revenues</u>					
Property Taxes	\$1,472,206	\$1,614,958	\$1,042,385	\$975,998	\$821,340
Water Service	1,086,063	1,136,965	1,001,460	846,002	728,175
Wastewater Service	1,267,422	1,219,691	1,126,294	949,019	875,255
Penalty and Interest	35,902	36,917	37,948	25,950	31,472
Tap Connection & Inspection Fees	145,278	229,147	90,906	653,447	1,420
Facility Use Fees	116,464	117,357	109,162	94,057	101,633
Regional Water Authority Fees	1,068,119	1,002,237	737,987	690,512	666,239
Investment Revenues	23,637	6,510	3,173	1,996	1,137
Miscellaneous Revenues	39,407	85,754	95,683	98,989	77,571
Total Revenues	\$5,254,498	\$5,449,536	\$4,244,998	\$4,335,970	\$3,304,242
<u>Expenditures</u>					
Purchased Services	\$325,363	\$322,896	\$301,728	\$263,237	\$289,276
Contracted Services	542,887	571,679	528,368	512,900	497,542
Purchased Wastewater Service	432,760	401,395	300,073	306,971	328,594
Utilities	104,398	128,835	106,945	99,271	109,439
Repairs and Maintenance	369,999	380,222	213,767	234,968	237,242
Regional Water Authority Assessment	1,054,157	946,357	652,924	616,980	641,190
Parks and Recreation	1,366,938	1,288,636	1,104,432	1,030,122	1,024,236
Other	283,229	318,730	250,970	427,836	189,231
Capital Outlay:					
Parks and Recreation	276,277	44,545	61,614	32,589	-
Other Facilities	-	-	21,975	-	87,997
Debt Service (Bond Issuance Costs)	-	-	32,948	26,027	-
Total Expenditures	\$4,756,008	\$4,403,295	\$3,575,744	\$3,550,901	\$3,404,747
Excess (Deficiency) of Revenues	\$498,490	\$1,046,241	\$669,254	\$785,069	(\$100,505)
Transfers In (Out)	\$226,208	(\$422,238)	\$26,027	\$64,007	\$157,614
Excess of Revenues After Transfers	\$724,698	\$624,003	\$695,281	\$849,076	\$57,109
Fund Balance Beginning of Period	\$2,528,552	\$1,904,549	\$1,209,268	\$360,192	\$303,083
Fund Balance End of Period	\$3,253,250	\$2,528,552	\$1,904,549	\$1,209,268	\$360,192

DISTRICT DEBT

General

2018 Taxable Assessed Valuation.....	\$ 626,575,874 (a)
Estimate of Value as of February 1, 2019.....	\$ 685,873,581 (b)
Direct Debt:	
The Outstanding Bonds (as of March 2, 2019).....	\$ 26,600,000
The Bonds.....	<u>\$ 5,800,000</u>
Total.....	\$ 32,400,000
Estimated Overlapping Debt.....	<u>\$ 48,995,753 (c)</u>
Total Direct and Estimated Overlapping Debt.....	\$ 81,395,753
Direct Debt Ratios:	
As a Percentage of the 2018 Taxable Assessed Valuation.....	5.17 %
As a Percentage of the Estimate of Value as of February 1, 2019.....	4.72 %
Direct and Estimated Overlapping Debt Ratios:	
As a Percentage of the 2018 Taxable Assessed Valuation.....	12.99 %
As a Percentage of the Estimate of Value as of February 1, 2019.....	11.87 %
District Fund Balances as of February 18, 2019	
Debt Service Fund.....	\$ 2,964,541 (d)
Capital Projects Fund.....	\$ 2,626,972
General Operating Fund.....	\$ 4,268,514
2018 Tax Rate per \$100 of Assessed Valuation	
Debt Service.....	\$0.330 (e)
Maintenance & Operation.....	<u>\$0.250</u>
Total.....	\$0.580
Average Annual Debt Service Requirement (2019–2043).....	\$1,938,910 (f)
Maximum Annual Debt Service Requirement (2025).....	\$2,250,306 (f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Average Annual Debt Service Requirement (2019–2043) at 95% Collections	
Based on the 2018 Taxable Assessed Valuation.....	\$0.33
Based on the Estimate of Value as of February 1, 2019.....	\$0.30
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Maximum Annual Debt Service Requirement (2025) at 95% Tax Collections	
Based on the 2018 Taxable Assessed Valuation.....	\$0.38
Based on the Estimate of Value as of February 1, 2019.....	\$0.35

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2018, provided by the Harris County Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Harris County Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of February 1, 2019, and includes an estimate of additional taxable value resulting from additional taxable improvements constructed in the District from January 1, 2018, through February 1, 2019. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Includes all \$11,790,000 principal amount of Defined Area Bonds outstanding as of March 2, 2019, as well as the District's pro rata share, based on taxable value, of the outstanding debt of the taxing jurisdictions overlapping the District. See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Order requires that any particular amount be maintained in the Debt Service Fund.
- (e) Represents the tax levied by the District upon taxable property located within the entire District, including the Defined Area, for payment of debt service on the Outstanding Bonds and the Bonds. This tax is separate from the ad valorem taxes that are levied by the District upon taxable property located only within the Defined Area for payment of debt service on the Defined Area Bonds. Proceeds of taxes levied by the District for payment of debt service on the Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See "TAX DATA – Estimated Overlapping Taxes."
- (f) Represents a requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

Debt Service Requirements

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds as well as the principal and interest requirements of the Bonds.

Calendar Year	Outstanding Debt Service	Plus: The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2019	\$2,002,483	-	\$82,422	\$82,422	\$2,084,905
2020	2,004,762	-	197,813	197,813	2,202,574
2021	2,014,867	-	197,813	197,813	2,212,680
2022	2,029,769	-	197,813	197,813	2,227,582
2023	2,035,447	-	197,813	197,813	2,233,260
2024	2,043,984	-	197,813	197,813	2,241,797
2025	2,052,494	-	197,813	197,813	2,250,306
2026	1,880,262	-	197,813	197,813	2,078,074
2027	1,879,963	-	197,813	197,813	2,077,776
2028	1,756,099	-	197,813	197,813	1,953,912
2029	1,749,076	-	197,813	197,813	1,946,889
2030	1,760,544	-	197,813	197,813	1,958,357
2031	1,786,664	-	197,813	197,813	1,984,476
2032	1,787,478	-	197,813	197,813	1,985,291
2033	1,795,809	-	197,813	197,813	1,993,621
2034	1,800,106	-	197,813	197,813	1,997,919
2035	1,823,369	-	197,813	197,813	2,021,181
2036	1,831,364	-	197,813	197,813	2,029,176
2037	922,658	\$445,000	190,581	635,581	1,558,239
2038	917,488	470,000	175,713	645,713	1,563,200
2039	915,150	490,000	160,113	650,113	1,565,263
2040	916,544	510,000	143,544	653,544	1,570,088
2041	622,200	830,000	120,931	950,931	1,573,131
2042	-	1,495,000	80,763	1,575,763	1,575,763
2043	-	1,560,000	27,300	1,587,300	1,587,300
Total	\$38,328,580	\$5,800,000	\$4,344,178	\$10,144,178	\$48,472,758

Average Annual Debt Service Requirement (2019–2043)..... \$1,938,910

Maximum Annual Debt Service Requirement (2025)..... \$2,250,306

Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt February 28, 2019	Overlapping	
		Percent	Amount
Harris County	\$ 2,050,758,022	0.14%	\$ 2,870,535
Harris County Department of Education	6,555,000	0.14	8,845
Harris County Flood Control District	83,075,000	0.14	118,786
Harris County Hospital District	59,490,000	0.14	81,920
Port of Houston Authority	593,754,397	0.14	849,076
Klein Independent School District	1,081,920,000	2.92	31,322,536
Lone Star College System	611,710,000	0.32	1,954,055
The Defined Area	11,790,000	100.00	<u>11,790,000</u>
Total Estimated Overlapping Debt			\$ 48,995,753
The District.....			<u>\$ 32,400,000</u>
Total Direct & Estimated Overlapping Debt.....			\$ 81,395,753

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds that the District may hereafter issue for the District Utility System as well as to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under the caption "THE BONDS – Source of Payment." In addition, the Board is authorized to levy separate annual ad valorem taxes, without legal limitation as to rate and amount, on all taxable property within only the Defined Area in sufficient amount to pay the principal of and interest on the Defined Area Bonds as described herein under "THE DEFINED AREA." The proceeds from such taxes levied by the District for payment of debt service on Defined Area Bonds are not available for payment of debt service on the Bonds or the Outstanding Bonds.

The Board is also authorized to levy and collect annual ad valorem taxes for the operation and maintenance of the District and its facilities and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of \$0.25 per \$100 of assessed valuation for the entire District and an additional \$0.64 per \$100 of assessed valuation in the Defined Area. In 2018, the District levied a maintenance tax upon all taxable property located in the District in the amount of \$0.25 per \$100 of assessed valuation. In 2018, the District did not levy an additional maintenance tax on the Defined Area, and it is not anticipated that said maintenance tax on the Defined Area will be levied in subsequent years. See "TAX DATA – Tax Rate Distribution."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (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 a

single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County 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"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For 2018, the District granted an over 65/disabled exemption of \$30,000. In addition, the District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead 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." Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse.

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” may apply to certain tangible personal property that is acquired in or imported into Texas for assembling, storing, manufacturing or fabrication purposes which is destined to be forwarded to another location in Texas not later than 175 days after acquisition or importation, so long as the location where said goods are detained is not directly or indirectly owned by the owner of the goods. The District has taken action to allow taxation of goods-in-transit, and accordingly, the exemption is not available within the District. A taxpayer may not claim both a Freeport Goods Exemption and a Goods-in-Transit Exemption on the same property.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For 2018, the District did not grant a general residential homestead exemption.

Valuation of Property for Taxation

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

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

The Property Tax Code further provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property. Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the appraisal district to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in

whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property 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 fair market value. The Property Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland. For the 2018 tax year, no lands in the District were designated for agricultural use, open space or timberland.

Tax Abatement

The City or Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (after annexation of the area) the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten 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 a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by other taxing jurisdictions.

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.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the person who owns or acquires the property on 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 taxes, penalties, and interest ultimately imposed for the year upon the property. The District's tax lien is on a parity with the tax liens of the other state and local jurisdictions levying taxes on property within the District. 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. In the absence of such federal law, the District's tax lien takes priority over a lien of the United States. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit at any time after taxes become delinquent to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may also be adversely affected by the amount of taxes owed to other federal, state and local taxing jurisdictions, by the effects of market conditions on the foreclosure sales price, by the taxpayer's right to redeem the property (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 restrain or stay the collection of a taxpayer's debts.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District, are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located in the District. See "THE BONDS – Source of Payment." Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

The District makes no representations that over the life of the Bonds the construction of improvements or continued development of taxable values will be sufficient to justify continued payment of taxes by property owners. Further, the District makes no representations that, over the life of the Bonds, the existing property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The valuation of taxable property in the District is directly related to the economics of the residential housing industry as well as those particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of continued development within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area. Construction of new residential properties can be significantly affected by factors such as interest rates, credit availability, energy costs,

construction costs, unemployment rates, consumer demand, and other general economic conditions. Decreased levels of home construction activity would restrict the growth of property values in the District.

Although, as described in this Official Statement under the caption "STATUS OF DEVELOPMENT OF THE DISTRICT," as of February 1, 2019, approximately 1,219 acres located within the District have been developed to include approximately 2,134 complete single-family homes and 3 multi-family residential properties, the District cannot predict the pace or magnitude of construction of any additional residential improvements, or other future development in the District. Unless the District's tax base grows as a result of construction of additional housing and other taxable improvements, the District may be required to levy taxes at a substantially higher rate than customarily levied by other similar utility districts. An increase in the tax rate of the District to a higher level may have an adverse impact on future development in the District and on the District's ability to collect such tax.

Principal Landowner/Developers: There is no commitment by, or legal requirement of, the principal landowners, the Developers, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates.

The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2018 tax year, the District's principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 13.90% of the District's total taxable assessed valuation. In the event that the Developers, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District's applicable debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Location and Access: The District is located in an outlying area of the Houston metropolitan area, approximately 30 miles from the central business district of the City of Houston, Texas. The Developers and homebuilders active within the District compete for the sale of developed lots and homes with numerous residential development projects located closer to major employment centers and closer to major freeways. In addition, many of the residential and commercial developments with which the District competes have lower overlapping taxes. As a result, particularly during times of increased competition, the Developers and homebuilders may find themselves at a competitive disadvantage to the developers and homebuilders in other residential projects located closer to major urban centers or with lower overlapping taxes. See "THE DISTRICT."

Maximum Impact on District Tax Rate: Assuming no further development or home construction, the value of land, improvements, and other taxable property currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The taxable assessed valuation as of January 1, 2018, of all taxable property located within the District is \$626,575,874, and the estimate of value as of February 1, 2019, of all taxable property located within the District is \$685,873,581. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement (2025) on the Outstanding Bonds and the Bonds will be \$2,250,306, and the average annual debt service requirement (2019–2043) on the Outstanding Bonds and the Bonds will be \$1,938,910. Assuming no increase to nor decrease from the taxable assessed valuation of the District as of January 1, 2018, tax rates of \$0.38 and \$0.33 per \$100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to nor decrease from the estimated valuation of the District as of February 1, 2019, tax rates of \$0.35 and \$0.30 per

\$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Potential Impact of Natural Disaster

The District is located approximately 65 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District or in the remainder of the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District are adversely affected.

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.

Hurricane Harvey

The Houston area, including Harris County, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 26, 2017. According to the Engineer and the General Manager of the District, there were approximately 143 single-family homes that experienced structural flooding and damage as a result of Hurricane Harvey. In addition, one multi-family residential property, the Waterford Springs apartment complex described herein, experienced structural flooding. Approximately 80% of the complex's first-floor units experienced water intrusion. All affected units in the complex have since been repaired and are currently either occupied or available for tenants.

Further, to the best knowledge of the Engineer and the Operator, Hurricane Harvey caused minor damage to certain facilities that are part of the District Utility System. There was no interruption of service anywhere in the District however, and all repairs have been completed. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event.

Tax Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming, and expensive collection procedures, (b) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (c) the taxpayer's right to redeem the property within six months (two years for residential homesteads or agricultural property) after the sheriff's deed issued at a foreclosure sale is filed in the county deed records. 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. Finally, any 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 assessed 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.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

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 Orders may not be reduced to a judgment for money damages. If the Registered Owners could obtain a judgment against the District, the judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS – Bankruptcy Limitation to Registered Owners' Rights." In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Additional bonds may be issued from time to time as future development occurs. The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations, tax collections, or net revenues to limit the amount of parity bonds that may be issued.

After the issuance of the Bonds, \$17,930,051 principal amount of unlimited tax bonds will remain authorized but unissued from the District's prior voted authorization for financing of the District Utility System. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds and such additional bonds as may be hereafter authorized. The District has also reserved the right to issue certain other bonds and obligations described in the Bond Order. See "THE BONDS – Issuance of Additional Debt."

After issuance of the Bonds, the District will owe the Developers approximately \$4,434,146 for funds advanced for the construction of the District Utility System.

Additionally, the District currently owes developers within the Defined Area approximately \$0 for expenditures for construction of the Defined Area Road System and approximately \$8,020,828 for expenditures for construction of the Defined Area Utility System. The District anticipates that reimbursement for such expenditures will be made from the proceeds of sale of additional Defined Area Bonds. See "THE DEFINED AREA" for a discussion of Defined Area Bonds.

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal agencies, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability, or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

2019 Legislative Session

The 86th Regular Legislative Session convened on January 8, 2019, and will conclude on May 27, 2019. The Texas Legislature will likely enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The Governor of Texas has declared property tax reform as an emergency item for the legislative session, with the result that any property tax reform legislation may become effective within the first 60 days of the legislative session. In addition, the Governor may call one or more additional special sessions that may include legislation affecting property taxes. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

Environmental Regulations

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

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

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

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

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA’s April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court’s ruling, the TCEQ has developed a formal request that the HGB area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB area is currently designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction

grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB area is currently designated as a “marginal” nonattainment area under the 2015 Ozone Standard. 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 water districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) waste water discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and Environmental Protection Agency’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

In 2015, the EPA and the United States Army Corps of Engineers (“USACE”) promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on water districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of “waters of the United States.” In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of “waters of the United States” to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition

of “waters of the United States.” Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of “waters of the United States.” The proposed definition outlines six categories of waters that would be considered “waters of the United States,” including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not “waters of the United States,” including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters and wetlands adjacent to jurisdictional waters the proposed rule also details what are not “waters of the United States,” such as features that only contain water during or in response to rainfall (e.g., ephemeral features) groundwater, many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies will take comment on the proposal for 60 days after publication in the Federal Register. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is sufficient uncertainty regarding the ultimate scope of “waters of the United States” and to the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of water districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

Bond Insurance Risk Factors

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and

such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE."

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

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

LEGAL MATTERS

Legal Opinions

The District will furnish the Initial Purchaser a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District. Bond Counsel's opinion will also address the matters described below under "TAX MATTERS."

Bacon & Wallace, L.L.P., in its capacity as Bond Counsel, has reviewed the information appearing in this Official Statement under the captions "THE BONDS" (except for the information found under the subcaption "- Book-Entry-Only System"), "THE DISTRICT - General," and "THE DISTRICT - Management of the District - Bond Counsel," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has Bond Counsel 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 of the information contained herein. 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. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No Arbitrage

The District will certify on the date the Bonds are delivered and paid for that based upon all facts and estimates now known or reasonably expected to be in existence, 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 Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed from time to time 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 have been authorized to certify to the facts, 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 will covenant in the Bond Order that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and

further actions and follow such procedures, including without limitation, calculation of the yield on the Bonds, as may be required so that the Bonds will not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

On the date of initial delivery of the Bonds, Bacon & Wallace, L.L.P., Houston, Texas, Bond Counsel, will render the opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), interest on the Bonds (1) will be excludable from the “gross income” of the holders thereof and (2) is not subject to the alternative minimum tax on individuals. Except as stated above, Bond Counsel will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds.

In rendering the opinion, Bond Counsel will rely upon (a) the District’s federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Internal Revenue Code of 1986 (the “Code”) and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel’s opinion is not a guarantee of result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for certain of the Bonds maturing is less than the maturity amount thereof (the "Original Issue Discount Bonds"). In such event, the difference between the amount payable at the maturity of each Original Issue Discount Bond, and the initial offering price to the public 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 in the initial public offering of the Bonds. Under existing law, 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. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the 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 and 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, 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 Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with accumulated earnings and profits and excess passive investment income and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, the de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as “qualified tax-exempt obligations” represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2019 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2019.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the Registered Owners 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 subject to amendment to or repeal of same as set forth below. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”).

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT,” “TAX DATA,” and “APPENDIX A.” The District will update and provide this information within six months after the end of each fiscal year ending in or after 2018.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting

principles described in “APPENDIX A” or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s fiscal year end is currently December 31. Accordingly, it must provide updated information by June 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 events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, as defined in accordance with the Rule, as amended, of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation, as defined in accordance with the Rule, as amended, of the District, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information files with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although 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 in the Bond Order to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations or business of the District, 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 and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement in the Bond Order if the United States Securities and Exchange Commission amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein.

Compliance with Prior Undertakings

The District did not file operating data for the fiscal year ended December 31, 2014, which the District had agreed to file under previous continuing disclosure undertaking agreements as described in the Rule, within the time specified in such undertakings. On March 18, 2014, S&P Global Ratings upgraded its rating of Assured Guaranty Municipal Corp., which rating is assigned to the District's Unlimited Tax Bonds, Series 2012. On November 11, 2016, the District filed a notice of such rating change with the MSRB through the EMMA system, which was more than 10 business days after the date of the rating change. As of the date of this Official Statement, the District has filed such operating data and notice of rating change in the manner prescribed by the MSRB. Except to the extent the preceding is deemed to be material, in the previous five years, the District has complied in all material respects with its previous continuing disclosure undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities and has engaged McCall, Parkhurst & Horton L.L.P. as Disclosure Counsel to assist the District in making its future filings of financial statements and operating data to the MSRB in a timely manner.

OFFICIAL STATEMENT

General

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

Experts

The information contained in this Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer.

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

Certification as to Official Statement

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

independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of this 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 that causes this 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 this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to do so 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 (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

This Official Statement was approved by the Board of Directors of Northampton Municipal Utility District as of the date shown on the first page thereof.

/s/ E. C. Thomas
President, Board of Directors
Northampton Municipal Utility District

ATTEST:

/s/ Scott Kirkpatrick
Secretary, Board of Directors
Northampton Municipal Utility District

APPENDIX A
Financial Statements of the District

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northampton Municipal
Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Northampton Municipal Utility District (the "District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Northampton Municipal
Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 7, 2018

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Management's discussion and analysis of Northampton Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2017. 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 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 Fund Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective 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 fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for the financial activities of the jointly-owned wastewater treatment plant. 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.

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 year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund 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 FINANCIAL STATEMENTS

The accompanying notes to 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"). Budgetary comparison schedules are included as RSI for the General Fund and the Special Revenue Fund.

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 and deferred inflows of resources by \$1,897,785 as of December 31, 2017.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as water, wastewater and drainage systems and recreation facilities less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2017	2016	Change Positive (Negative)
Current and Other Assets	\$ 16,791,435	\$ 15,970,206	\$ 821,229
Capital Assets (Net of Accumulated Depreciation)	34,480,004	31,998,940	2,481,064
Total Assets	\$ 51,271,439	\$ 47,969,146	\$ 3,302,293
Deferred Outflows of Resources	\$ 309,883	\$ 329,040	\$ (19,157)
Developer Advances	\$ 6,764,137	\$ 3,298,753	\$ (3,465,384)
Long-Term Liabilities	36,282,035	37,725,733	1,443,698
Other Liabilities	2,495,083	2,056,133	(438,950)
Total Liabilities	\$ 45,541,255	\$ 43,080,619	\$ (2,460,636)
Deferred Inflows of Resources	\$ 4,142,282	\$ 3,750,132	\$ (392,150)
Net Position:			
Net Investment in Capital Assets	\$ (3,851,222)	\$ (3,375,845)	\$ (475,377)
Restricted	2,358,998	2,174,795	184,203
Unrestricted	3,390,009	2,668,485	721,524
Total Net Position	\$ 1,897,785	\$ 1,467,435	\$ 430,350

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended December 31, 2017, and December 31, 2016.

	Summary of Changes in the Statement of Activities		
	2017	2016	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,883,140	\$ 3,430,262	\$ 452,878
Charges for Services	3,976,129	3,977,246	(1,117)
Other Revenues	151,261	100,610	50,651
Total Revenues	\$ 8,010,530	\$ 7,508,118	\$ 502,412
Expenses for Services	(7,580,180)	(8,496,954)	916,774
Change in Net Position	\$ 430,350	\$ (988,836)	\$ 1,419,186
Net Position, Beginning of Year	1,467,435	2,456,271	(988,836)
Net Position, End of Year	\$ 1,897,785	\$ 1,467,435	\$ 430,350

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2017, were \$11,782,657, an increase of \$500,964 from the prior year.

The General Fund fund balance increased by \$724,698 primarily due to service revenues and transfers exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$221,644, primarily due to the timing difference between actual property tax collections and debt service payments.

The Capital Projects Fund fund balance decreased by \$445,378, primarily due the use of prior bond proceeds and transfers to the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$24,773 more than budgeted revenues. Actual expenditures were \$243,629 more than budgeted expenditures.

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CAPITAL ASSETS

Capital assets as of December 31, 2017, total \$34,480,004 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems and recreation facilities.

Capital asset events during the current fiscal year included the following:

Completed Projects:

Water and Sanitary Seer Extention along Gosling Road to Serve 7.965-acre Terra Gosling	\$ 269,651
Hampton Creek Detention – Phases 3 and 4	3,189,851
Splash Pad Conversions	270,697
Equipment	36,957
Resurface Tennis Court	29,060
Gazebo	<u>24,529</u>

Total Completed Projects	<u>\$ 3,820,745</u>
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Construction in Progress:

Water Plant No. 3	\$ 406,427
Splash Pad Conversions - Plans	2,000
Lift Station Rehabilitation	73,841
New Pump House	<u>6,287</u>

Total Construction in Progress	<u>\$ 488,555</u>
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Capital Assets At Year-End, Net of Accumulated Depreciation

	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,936,448	\$ 1,936,448	\$
Construction in Progress	488,555	358,438	130,117
Capital Assets, Net of Accumulated Depreciation:			
Meeting and Recreation Facilities	1,750,156	1,669,159	80,997
Water System	4,856,594	5,013,008	(156,414)
Wastewater System	18,078,240	18,684,719	(606,479)
Drainage System	7,345,929	4,337,168	3,008,761
Equipment	<u>24,082</u>	<u></u>	<u>24,082</u>
Total Net Capital Assets	<u>\$ 34,480,004</u>	<u>\$ 31,998,940</u>	<u>\$ 2,481,064</u>

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

**NORTHAMPTON MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$37,915,000.

The changes in the debt position of the District during the fiscal year ended December 31, 2017, are summarized as follows:

Bond Debt Payable, January 1, 2017	\$ 38,950,000
Less: Bond Principal Paid	<u>1,035,000</u>
Bond Debt Payable, December 31, 2017	<u>\$ 37,915,000</u>
 Bond Debt Payable, December 31, 2017	 \$ 37,915,000
Unamortized Discounts	(685,882)
Unamortized Premiums	<u>492,917</u>
Bonds Payable, Net December 31, 2017	<u>\$ 37,722,035</u>

The Series 2010 Refunding Bonds, Series 2016 Refunding Bonds and Series 2016 Bonds carry on underlying rating of "A2" from Moody's Investor Service. The Series 2010 Bonds, Series 2012 Bonds and Series 2015 Bonds carry an underlying rating of "A-" from Standard & Poor's.

The Series 2010 Refunding Bonds, Series 2012 Bonds and Series 2016 Bonds carry insured ratings of "AA/A2", "AA", and "AA/A2" respectively, by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015 Bonds and Series 2016 Refunding Bonds carry insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond policies are subject to change based on the rating of the bond insurance company.

HURRICANE HARVEY

Hurricane Harvey struck the Houston area on August 25, 2017, resulting in historic levels of rainfall. The District was affected by the storm and additional information on this event can be found in Note 17 of this report.

CONTACTING THE DISTRICT'S FINANCIAL 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 Northampton Municipal Utility District, c/o Bacon & Wallace, L.L.P., 6363 Woodway, Suite 800, Houston, TX 77057.

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NORTHAMPTON MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 1,329,150	\$ 107,055
Investments	2,506,910	
Receivables:		
Property Taxes	1,263,697	
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$5,000)	277,020	
Accrued Interest	522	
Builder Damages	15,089	
Due from Other Funds	343,703	17,350
Prepaid Costs	66,620	
Due from Other Governments		22,932
Advance for Regional Wastewater Treatment Plant Operations	74,600	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 5,877,311</u>	<u>\$ 147,337</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,877,311</u>	<u>\$ 147,337</u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,088,673	\$ 336,953	\$ 2,861,831	\$	\$ 2,861,831
1,968,338	5,442,854	9,918,102		9,918,102
2,226,671		3,490,368		3,490,368
			21,280	21,280
		277,020		277,020
5,404		5,926		5,926
		15,089		15,089
30,213	421,030	812,296	(812,296)	
		66,620	112,267	178,887
		22,932		22,932
		74,600	(74,600)	
			1,936,448	1,936,448
			488,555	488,555
			32,055,001	32,055,001
<u>\$ 5,319,299</u>	<u>\$ 6,200,837</u>	<u>\$ 17,544,784</u>	<u>\$ 33,726,655</u>	<u>\$ 51,271,439</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 309,883</u>	<u>\$ 309,883</u>
<u>\$ 5,319,299</u>	<u>\$ 6,200,837</u>	<u>\$ 17,544,784</u>	<u>\$ 34,036,538</u>	<u>\$ 51,581,322</u>

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

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>
LIABILITIES		
Accounts Payable	\$ 135,364	\$ 46,917
Due to Other Governments	71,032	
Accrued Interest Payable		
Developer Advances	22,953	
Due to Other Funds	468,593	
Due to Taxpayers		
Due to Homeowners Association	1,255	
Unearned User Fees	12,800	
Security Deposits	354,960	
Reserved for Wastewater Treatment Plant Operations		100,420
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	<u>\$ 1,066,957</u>	<u>\$ 147,337</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows:		
Property Taxes	<u>\$ 1,557,104</u>	<u>\$ - 0 -</u>
FUND BALANCES		
Nonspendable:		
Advance for Wastewater Treatment Plant Operations	\$ 74,600	\$
Prepaid Costs	66,620	
Restricted for Authorized Construction:		
Bond Proceeds		
Net Investment Revenues		
Restricted for Debt Service		
Unassigned	3,112,030	
TOTAL FUND BALANCES	<u>\$ 3,253,250</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,877,311</u>	<u>\$ 147,337</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for:		
Debt Service		
Capital Projects		
Unrestricted		
TOTAL NET POSITION		

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$ 182,281	\$	\$ 182,281
		71,032		71,032
			405,390	405,390
		22,953	6,741,184	6,764,137
262,679	81,024	812,296	(812,296)	
1,545		1,545		1,545
		1,255		1,255
		12,800		12,800
		354,960		354,960
		100,420	(74,600)	25,820
			1,440,000	1,440,000
			36,282,035	36,282,035
<u>\$ 264,224</u>	<u>\$ 81,024</u>	<u>\$ 1,559,542</u>	<u>\$ 43,981,713</u>	<u>\$ 45,541,255</u>
<u>\$ 2,645,481</u>	<u>\$ - 0 -</u>	<u>\$ 4,202,585</u>	<u>\$ (60,303)</u>	<u>\$ 4,142,282</u>
\$	\$	\$ 74,600	\$ (74,600)	\$
		66,620	(66,620)	
	5,822,110	5,822,110	(5,822,110)	
	297,703	297,703	(297,703)	
2,409,594		2,409,594	(2,409,594)	
		3,112,030	(3,112,030)	
<u>\$ 2,409,594</u>	<u>\$ 6,119,813</u>	<u>\$ 11,782,657</u>	<u>\$ (11,782,657)</u>	<u>\$ - 0 -</u>
<u>\$ 5,319,299</u>	<u>\$ 6,200,837</u>	<u>\$ 17,544,784</u>		
			\$ (3,851,222)	\$ (3,851,222)
			2,061,295	2,061,295
			297,703	297,703
			3,390,009	3,390,009
			<u>\$ 1,897,785</u>	<u>\$ 1,897,785</u>

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