

MINUTES OF BOARD OF DIRECTORS MEETING
SEPTEMBER 21, 2021

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

§
§
§

The Board of Directors (the “*Board*”) of Harris County Municipal Utility District No. 109 (the “*District*”) met in regular session, open to the public, at the office of Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010, and via teleconference, on September 21, 2021 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Owen H. Parker, President
Chris Green, Vice President
Cheryl Moore, Secretary
Robin Sulpizio, Assistant Secretary
Nancy Frank, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Mr. David Wood of Robert W. Baird & Co. Inc., financial advisors for the District; Mr. Josh Rambo of McCall Gibson Swedlund Barfoot PLLC (“*McCall*”), auditor for the District; Mr. Cory Burton of Municipal Accounts & Consulting, LP (“*MAC*”), bookkeeper for the District; Lieutenant Steve Romero and Sergeant Morales of Harris County Precinct 4 Constable’s Office; Mr. Tim Spencer of Ad Valorem Appraisals, tax assessor and collector for the District; Mr. Bill Kotlan of BGE, Inc. (“*BGE*”), engineer for the District; Mr. Clint Gehrke of Water Waste Water Management Services, Inc. (“*WWWMS*”), operator for the District; and Mr. Dimitri Millas, Ms. Leslie Bacon and Ms. Jane Maher of Norton Rose Fulbright US LLP (“*NRF*”), attorneys for the District.

Call to Order. President Parker called the meeting to order in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as *Exhibit “A”*, and the following business was transacted:

1. **Board finding of existence of emergency or public necessity making the convening at one location of a quorum of the governmental body difficult or impossible and permitting a meeting by telephone pursuant to Section 551.125 of the Texas Open Meetings Act.** Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to find the existence of an emergency or public necessity making the convening at one location of a quorum of the governmental body difficult or impossible and permitting a meeting by telephone pursuant to Section 551.125 of the Texas Open Meetings Act due to COVID-19.

2. **Public Comments.** There were no public comments.

3. **Minutes.** The Board considered the proposed minutes of a meeting held on August 17, 2021, previously distributed to the Board. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held on August 17, 2021, as presented.

4. **Security Report and discuss adding third deputy.** Sargent Morales reviewed the Security Report for the month of August 2021, a copy of which is attached hereto as *Exhibit B*. The Board discussed adding a third deputy to the contract starting in 2022. Upon motion by

Director Frank, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Security Report and to add a third deputy to the contract beginning on March 1, 2022.

5. Approve and authorizing filing of audit for fiscal year ended May 31, 2021. President Parker recognized Mr. Rambo, who presented to and reviewed with the Board the audit management, material weakness, and board of directors representation letters, and a draft audit for fiscal year ended May 31, 2021, copies of which are attached hereto as *Exhibit C*. He stated that there have been no changes in audit and accounting standards since the previous year's audit. Mr. Rambo reported that the audit needs to be filed with the Texas Commission on Environmental Quality ("TCEQ") by mid-October.

Upon motion by Director Green, seconded by Director Frank, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit for fiscal year ending May 31, 2021 and to authorize filing with appropriate agencies.

6. Approve and authorize filing of Annual Continuing Disclosure Report. Mr. Millas stated that the District is required to annually file updated financial information with the Municipal Securities Rulemaking Board 180 days after its fiscal year end, which includes the District's final audit in addition to certain tax and operating information gathered from District consultants. He reviewed the Annual Continuing Disclosure Report, a copy of which is attached hereto as *Exhibit D*.

Upon motion by Director Moore, seconded by Director Sulpizio, after full discussion and the question being put to the Board the Board voted unanimously to authorize NRF to file the District's Annual Report of Financial Information and Operating Data for the fiscal year ended May 31, 2021.

7. Consider and take any necessary action related to an Order authorizing Unlimited Tax Refunding Bonds, Series 2021, a Transfer and Paying Agent Agreement, a Deposit Letter, an Official Statement, and a Bond Purchase Agreement, authorizing officials to approve the amounts, interest rates, prices and terms thereof and certain other matters related thereto. President Parker recognized Mr. Wood, who presented to and reviewed with the Board information regarding the potential refunding of a portion of the District's Unlimited Tax Refunding Bonds, Series 2011 and Series 2013, and the Preliminary Official Statement, copies of which are attached hereto as *Exhibit E*. He stated that pricing will be on October 5, 2021 and requested that the Board designate a pricing officer. Upon motion by Director Sulpizio, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to appoint President Parker as the pricing officer, with Director Green as a back-up pricing officer.

Ms. Bacon presented to and reviewed with the Board the Order Authorizing the Issuance of Unlimited Tax Refunding Bonds, Series 2021, a Transfer and Paying Agent Agreement, a Deposit Letter, a Bond Purchase Agreement, an Officer's Pricing Certificate and Other Matters in Connection Therewith (the "Order"), a copy of which is attached hereto as *Exhibit F*. Discussion ensued regarding the parameters for the bond sale. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order with the parameters of a present value savings of 3.5% with a maximum amount of refunding par amount of \$5,000,000.

8. **Consider 2021 tax rate and Adopt Order Designating Officer to Calculate and Publish Tax Rate.** President Parker recognized Mr. Wood, who presented to and reviewed with the Board the financial advisor's tax rate analysis and recommendation, a copy of which is attached hereto as *Exhibit G*. He recommended that the Board levy a total tax rate of \$0.48 per \$100 of assessed valuation, composed of an operations and maintenance tax of \$0.19 and a debt service tax of \$0.29.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions In Connection With the Levy of a Tax for 2021 (the "Tax Order"), a copy of which is attached hereto as *Exhibit H*.

Upon motion by Director Green, seconded by Moore, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, thereby authorizing the tax officer to publish the proposed tax rate of \$0.48 per \$100 assessed valuation (\$0.29 for debt service and \$0.19 for operations and maintenance).

9. **Tax Collector's Report and authorize payment of certain bills.** President Parker recognized Mr. Spencer, who reviewed the Tax Assessor and Collector's Report for the month of August 2021, a copy of which is attached hereto as *Exhibit I*.

Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 2158 through 2160, from the Tax Account to the persons, in the amounts, and for the purposes listed therein.

10. **Review Bookkeeper's Report.** President Parker recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit J*.

Upon motion by Director Frank, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the checks in the amounts, to the persons, and for the purposes listed therein, to adopt the Bookkeeper's Report as presented.

11. **Engineer's Report.** President Parker recognized Mr. Kotlan, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit K*.

Mr. Kotlan stated that BGE is working on the Emergency Response Plan that is due at the end of the year for the American Water Infrastructure Act of 2018.

Mr. Kotlan reported on the utility relocations related to the FM 1960 widening and stated that currently, other utilities are relocating in the FM 1960 right-of-way. He noted that BGE had a preconstruction meeting with the contractor, Angel Brothers, and that the contractor will be working on the District's facilities over the next four to six weeks.

Mr. Kotlan reported that for the Water Plant No. 2 Expansion, and presented Pay Estimate No. 3 in the amount of \$25,344.00 for approval. He noted that the work includes work on the foundation of the ground storage tank.

Mr. Kotlan reported on the Barents Drive Lift Station and stated that the City of Houston

will require the District to plat the lift station site. He requested the Board's authorization to complete the platting on an hourly basis in accordance with BGE's master services agreement.

Mr. Kotlan stated that the water line extension project has been submitted for the City of Houston's review and that the City of Houston comments have been addressed.

Mr. Kotlan reported on 19715 Oak Branch Court and stated that BGE, NRF, and WWWMS had a teleconference with the insurance adjuster and an attorney. He stated that the insurance company has sovereign immunity and does not have to pay the claim. Mr. Millas told the adjuster that the District could choose to pay the claim. Mr. Kotlan noted that the adjuster would check with the insurance underwriter if the District's costs would be paid. He reported that the claim is for \$10,500 for the foundation repair and \$4,400 for the driveway repair for a total of \$14,900. It was the consensus of the Board to wait another month to receive a response from the insurance adjuster. Mr. Kotlan stated he would inform the resident at 19715 Oak Branch Court.

Upon motion by Director Green, seconded by Director Sulpizio, after full discussion and the question being put to the Board, the Board voted unanimously to 1) accept the Engineer's Report, 2) approve Pay Estimate No. 3 to Schier Construction Company, Inc. in the amount of \$25,344.00, and 3) authorize BGE to complete a subdivision plat for Barents Drive Lift Station for a budgeted amount of \$17,000.

12. **Discuss repair on Oak Branch Ct. and take appropriate action.** This item was addressed under the previous item.

13. **Review Operations Report and authorize repairs.** President Parker recognized Mr. Gehrke, who presented the Operations Report dated September 21, 2021 and a list of delinquent accounts, copies of which are attached hereto as *Exhibit L*. Mr. Gehrke reported that 93.81% of the water pumped was billed for the period August 1, 2021 through August 31, 2021.

Mr. Gehrke reported on various maintenance items.

The Board discussed the delinquent process. It was the consensus of the Board to continue to suspend service disconnections and waive new late payment charges for another month.

Upon motion by Director Frank, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to continue to suspend service disconnections and waive new late payment charges for another month.

14. **Discuss meeting format and meeting locations, and such other matters as may properly come before it.** It was the consensus of the Board to hold the next meeting on October 19, 2021, via teleconference.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

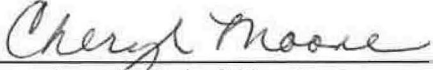
* * *

The above and foregoing minutes were passed and approved by the Board of Directorss on October 19, 2021.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)



HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

NOTICE

In accordance with Chapter 551, Texas Government Code, take notice that the Board of Directors of Harris County Municipal Utility District No. 109 will meet in regular session, open to the public, at Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010, and by teleconference at 6:00 p.m. on Tuesday, September 21, 2021. Directors, consultants, and the general public may participate in the meeting by attending the meeting at the location listed or dialing the following number: 1-346-248-7799, **Meeting Id: 938 2747 2104**. Meeting documents can be found at <https://www.waterdistrict109.com/meetings/index.html>.

videoconference meeting. You can join by computer or any smart device with the Zoom app. Join Zoom Meeting:

<https://nortonrosefulbright.zoom.us/j/93827472104>

At such meeting, the Board will consider and act on the following matters:

1. Board finding of existence of emergency or public necessity making the convening at one location of a quorum of the governmental body difficult or impossible and permitting a meeting by telephone pursuant to Section 551.125 of the Texas Open Meetings Act;
2. Public comments;
3. Approve minutes of the meeting held on August 17, 2021;
4. Report by Harris County Precinct Four Constable and discuss adding third deputy and take any necessary action;
5. Approve and authorize filing of audit for fiscal year ended May 31, 2021;
6. Approve and authorize filing of Annual Continuing Disclosure Report;
7. Consider and take any necessary action related to an Order authorizing Unlimited Tax Refunding Bonds, Series 2021, a Transfer and Paying Agent Agreement, an Escrow Agreement, an Official Statement, and a Bond Purchase Agreement, authorizing officials to approve the amounts, interest rates, prices and terms thereof and certain other matters related thereto;
8. Consider 2021 tax rate and Adopt Order Designating Officer to Calculate and Publish Tax Rate;
9. Review Tax Collector's Report and authorize payment of certain bills;
10. Review Bookkeeper's Report, and authorize payment of certain bills, and approve quarterly investment report;
11. Review Engineer's Report, including approval of pay estimates, authorization of change orders to pending construction contracts, proposal for construction materials testing and authorize capacity commitments;
12. Discuss repair on Oak Branch Ct. and take appropriate action.
13. Approve Operations Report, authorize repairs and approve termination of delinquent accounts in accordance with the District's Rate Order;
14. Discuss meeting format and meeting locations, and such other matters as may properly come before it.

(SEAL)

A blue ink signature is written over a horizontal line. Below the line, the text "Norton Rose Fulbright US LLP" and "Attorney for District" is printed.

Norton Rose Fulbright US LLP
Attorney for District

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive session of the Board should be held or is required in relation to any agenda item included in this Notice, then such closed or executive meeting or session, as authorized by the Texas Open Meetings Act, will be held by the Board at the date, hour, and place given in this Notice concerning any and all subjects for any and all purposes permitted by Sections 551.071-551.084 of the Texas Government Code and the Texas Open Meetings Act, including, but not limited to, Section 551.071 - for the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.

Persons with disabilities who plan to attend this meeting and would like to request auxiliary aids or services are requested to contact the District's paralegal at (713) 651-5589 at least three business days prior to the meeting so that appropriate arrangements can be made.

Exhibit A

Maher, Jane

From: Russell Lambert <russ@texasnetwork.com>
Sent: Wednesday, September 15, 2021 10:46 AM
To: Maher, Jane
Cc: The Texas Network
Subject: RE: 109 & AJOB Postings

Follow Up Flag: Follow up
Flag Status: Flagged

Posted.
Do you have approved minutes for July?

From: Maher, Jane <jane.maher@nortonrosefulbright.com>
Sent: Tuesday, September 14, 2021 12:30 PM
To: Russell Lambert <russ@texasnetwork.com>
Cc: The Texas Network <support@texasnetwork.com>
Subject: 109 & AJOB Postings

Hi Russ,

Please post the attached documents in the zip folders to 109's website and return the COPs at your earliest convenience.

Thanks,

Jane Maher | Senior Paralegal
Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100, Houston, Texas 77010-3095, United States
Tel +1 713 651 5589 | Fax +1 713 651 5246
jane.maher@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Law around the world
nortonrosefulbright.com

CONFIDENTIALITY NOTICE: This email, including any attachments, is confidential and may be privileged. If you are not the intended recipient please notify the sender immediately, and please delete it; you should not copy it or use it for any purpose or disclose its contents to any other person. Norton Rose Fulbright entities reserve the right to monitor all email communications through their networks.

Norton Rose Fulbright Australia, Norton Rose Fulbright LLP, Norton Rose Fulbright Canada LLP, Norton Rose Fulbright South Africa Inc and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

CERTIFICATE OF POSTING NOTICE
OF MEETING OF BOARD OF DIRECTORS

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

I hereby certify that on September 14, 2021, I posted the Notice of Meeting of the Board of Directors of Harris County Municipal Utility District No. 109, a true copy of which is attached hereto, at a place convenient to the public in Plexiglas enclosed bulletin boards located on the grounds of the District's Water Plant No. 1 at 5722 Forest Timbers Drive, Water Plant No. 2 at 20322 Burle Oak, Lift Station No. 1 at 19419 Timber Forest Drive, and Lift Station No. 2 at 4630 Springlea, within said political subdivision, as required by law.

EXECUTED this 14 day of September, 2021.





HARRIS COUNTY CONSTABLE, PRECINCT 4

CONSTABLE MARK HERMAN

"Proudly Serving the Citizens of Precinct 4"

6831 Cypresswood Drive ★ Spring, Texas 77379 ★ (281) 376-3472 ★ www.ConstablePct4.com

Monthly Contract Stats

HARRIS CO MUNICIPAL UTILITY DIST #109

For August 2021

Categories

Burglary Habitation: 0	Burglary Vehicle: 5	Theft Habitation: 2
Theft Vehicle: 2	Theft Other: 0	Robbery: 0
Assault: 1	Sexual Assault: 0	Criminal Mischief: 2
Disturbance Family: 7	Disturbance Juvenile: 1	Disturbance Other: 3
Alarms: 20	Suspicious Vehicles: 16	Suspicious Persons: 9
Runaways: 0	Phone Harrassment: 0	Other Calls: 652

Detailed Statistics By Deputy

Unit Number	Contract Calls	District Calls	Reports Taken	Felony Arrests	Misd Arrests	Tickets Issued	Recovered Property	Charges Filed	Mileage Driven	Days Worked
E129	73	21	27	1	1	26	0	2	988	20
E130	46	16	10	0	0	16	0	0	718	16
TOTAL	119	37	37	1	1	42	0	2	1706	36

Summary of Events

Alarms:

Deputies responded to 20 alarm calls that were cleared as false.

Checks:

Deputies conducted a total of 276 MUD checks, park checks, neighborhood checks, and other miscellaneous checks.

Traffic Enforcement:

Deputies conducted numerous traffic stops and traffic initiatives throughout the contract during the month in the interest of public safety, and in an attempt to reduce the risk of motor vehicle accidents.

Burglary of Vehicle:

5700 Green Timbers Dr. - Deputies responded to a possible burglary of motor vehicle. Investigation revealed that unknown suspect entered the unlocked vehicle and took items without

Exhibit B

consent. Report was completed.

5600 Green Timbers Dr. – Deputies responded to a burglary of motor vehicle type call. Investigation revealed that a unknown suspect stole various expensive tools from vehicle while also causing damage to it in attempt to steal vehicle. Report was completed.

19200 Merrillwood Dr. – Deputies responded to burglary of motor vehicle. Investigation revealed that unknown suspect entered the unlocked vehicle and stole money left inside. Report was completed.

5600 Enchanted Timbers Dr. – Deputies responded to a burglary of motor vehicle. Investigation revealed that unknown suspect caused damage to unlocked vehicle while leaving with nothing. Report was completed.

19100 Lakeshire St. – Deputy responded to a Burglary of Motor Vehicle type call. Investigation revealed unknown suspect(s) entered unlocked vehicle, removing items without owner consent then fled in unknown direction. Report generated.

Theft Residence:

19700 River Brook Ct.- Deputies were dispatched to a theft of residence type call. Investigation revealed that complainant could not find her recently purchased firearm. Complainant was not sure if she misplaced it or it was stolen from residence. Report was completed.

5600 Green Timbers Dr. – Deputies were dispatched to location in reference to a theft from residence. Investigation revealed that unknown suspect entered the opened garage and stole various items. Report was completed.

Theft Vehicle:

19400 Climbing Oaks Dr. – Deputies were dispatched to location in reference to stolen vehicle. Investigation revealed that unknown suspect stole the complainant's vehicle after keys were left inside. Report was completed.

5300 Enchanted Timbers Dr. – Deputy responded to a stolen vehicle call. Investigation revealed known subject took victim's motor vehicle without authorization and vehicle has not been returned at this time. Vehicle has been entered into TCIC/NCIC as stolen.

Assault:

4600 FM 1960 Rd. E. – Deputy responded to an Assault type call. Investigation revealed former domestic partners got in to a physical altercation. No charges accepted by the DA. Report generated.

Criminal Mischief:

5800 FM 1960 Rd. E. – Deputy responded to a Criminal Mischief type call. Investigation revealed a male attempting to gain entry to a coin vault then fled. Report generated.

19100 Moon Trail Dr. – Deputy responded to a Criminal Mischief type call. Investigation revealed a back window glass damaged by an unknown suspect(s). Report generated.

Family Disturbance:

19400 Climbing Oaks Dr. – Deputies were dispatched in reference to a family disturbance. Investigation revealed that married couple were involved in a verbal altercation only. Report was completed.

19400 Climbing Oaks Dr – Deputies were dispatched in reference to a family disturbance. Investigation revealed married couple were involved in a civil disturbance over property. Report was completed.

20200 Dawn Mist Dr. – Deputy responded to a Family Disturbance call. Investigation revealed two brothers were in a physical altercation. The DA did not accept charges. Report generated.

20200 Big Timber Dr. - Deputy responded to a Disturbance Family type call. Investigation revealed a male causing a disturbance, no physical assault. Report generated.

5700 Deer Timbers Trl. – Deputy responded to a Disturbance Family type call. Investigation revealed two males were involved in a physical altercation. Charges were declined. Report generated.

20000 Burle Oak Dr. – Deputy responded to a Disturbance Family type call. Investigation revealed the grandson caused damage to the residence. No charges filed. Report generated.

4900 Woodland Meadows Ln. – Deputy responded to a Disturbance Family type call. Investigation revealed a physical altercation but victim did not wish to press charges. Report generated.

Suspicious Vehicle:

Contract patrol deputies responded to 16 suspicious vehicle calls within the community. Each instance was investigate and cleared without further incident.

Suspicious Person:

Contract patrol deputies responded to 9 suspicious person calls within the community. Each instance was investigated and cleared without further incident.

Other:

19700 Big Timbers Dr. – Deputies were dispatched to location in reference to unknown medical type call. Investigation revealed that an individual was having medical issues due to drug usage. Person was transported to hospital. Report was completed.

19800 Caroling Oaks Ct. – Deputies were dispatched to location in reference to a mental health call. Investigation revealed that individual with mental health issues was having issues maintaining calm. Individual was transported to hospital for treatment. Report was completed.

19300 Alinawood Ct. – Deputies were dispatched to location in reference to a child custody dispute. Investigation revealed that parents were having issues with custodial rights and demanded a report for court purposes. Report was completed.

5400 Forest Timbers Dr. - Deputies were dispatched to location in reference to a child custody dispute. Investigation revealed that parents were having issues with custodial rights and demanded a report for court purposes. Report was completed.

20600 W. Lake Houston Pkwy – Deputy responded to a Burglary of a Business type call. Investigation revealed unknown suspect(s) removed items without owner consent. Report generated.

4500 FM 1960 Rd. E. – Deputy responded to a Property Found/Lost type call. Investigation revealed a purse containing a firearm with a magazine left inside a rental vehicle. Report generated.

20100 River Brook Dr. – Deputy responded to a Child Custody Dispute type call. Investigation revealed Mother would not allow children to go with the father. Both parties were advised it was a Civil matter. Report generated.

5300 Quail Tree Ln. – Deputy responded to a Drug OD Possession type call. Investigation revealed a known suspect was found to be in possession of illegal narcotics. Report generated.

20000 Timber Forest Dr. – Deputy responded to a Drug OD Possession type call. Investigation revealed a male in possession of illegal narcotics. Report generated.

19800 Timber Forest Dr. – Deputy responded to a suspicious vehicle call. Investigation revealed a vehicle with expired registration, no insurance and no driver license was towed. Report generated.

18700 Lakeshire St. – Deputy responded to a Vehicle Recovery type call. Investigation revealed a rental vehicle was recovered prior to being reported stolen. Report generated.

19900 Burle Oak Dr. – Deputy responded to an Animal Humane type call. Investigation revealed the owner got in the middle of a dog fight and suffered dog bites. Victim sought medical treatment Report generated.

20000 Faye Oaks Dr. – Deputy responded to an Aggressive Animal type call. Investigation revealed a male working in the area was attacked by 3 dogs. Victim was transported to the hospital for treatment. Report generated.

5500 Deer Timbers Trl. - Deputy responded to an Aggressive Animal type call. Investigation revealed a juvenile was at a friends house with a little brother let the dog out of the kennel attacking the juvenile. Report generated.

20100 Misty Pines Dr. – Deputy responded to a Warrant Service type call. Investigation revealed a suspect wanted on a Felony warrant was at the location. Suspect was located and taken in to custody. Report generated.

20100 Big Timber Dr. – Deputy responded to a Warrant Service type call. Investigation revealed deputy dispatched to a Domestic prevent, male was found to wanted for a Felony warrant from another county. Suspect was taken in to custody. Report generated.

20100 Bambiwoods Dr. – Deputy responded to an Unknown Medical Emergency type call. Investigation revealed a male suffering from unknown medical issues and transported to the hospital for treatment. Report generated.

5600 Deer Timbers Trl. – Deputy responded to an Arson Fire type call. Investigation revealed a fire started inside a residence, it was determined to be accidental, no injuries. Report generated.

5200 Straight Arrow Dr. – Deputy responded to a fraudulent us of ID call. Investigation revealed the complainant's identity may have been used to file for unemployment benefits.

5300 Dawnburst Dr. – Deputy was dispatched to an animal call. Investigation revealed complainant's dog was attacked by the neighbor's dog and received injuries.

19700 Misty Pines CT – Deputies responded to conduct a warrant service. The wanted subject was located inside by the K9 unit. The subject was booked into the Harris County Jail after receiving medical attention for the dog bite they received.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2021

DRAFT SUBJECT TO CHANGE

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	32
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	34-36
GENERAL FUND EXPENDITURES	37
INVESTMENTS	38
TAXES LEVIED AND RECEIVABLE	39-40
LONG-TERM DEBT SERVICE REQUIREMENTS	41-45
CHANGES IN LONG-TERM BOND DEBT	46-47
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	48-51
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	52-53

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 109
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 109 (the "District"), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 21, 2021

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

Management's discussion and analysis of Harris County Municipal Utility District No. 109's (the "District") financial performance provides an overview of the District's financial activities for the year ended May 31, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$5,470,293 as of May 31, 2021. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 11,451,411	\$ 13,178,588	\$ (1,727,177)
Capital Assets (Net of Accumulated Depreciation)	<u>17,036,589</u>	<u>15,876,495</u>	<u>1,160,094</u>
Total Assets	<u>\$ 28,488,000</u>	<u>\$ 29,055,083</u>	<u>\$ (567,083)</u>
Deferred Outflows of Resources	<u>\$ 532,892</u>	<u>\$ 600,644</u>	<u>\$ (67,752)</u>
Bonds Payable	\$ 22,959,898	\$ 24,362,732	\$ 1,402,834
Other Liabilities	<u>590,701</u>	<u>758,865</u>	<u>168,164</u>
Total Liabilities	<u>\$ 23,550,599</u>	<u>\$ 25,121,597</u>	<u>\$ 1,570,998</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,964,834)	\$ (4,586,730)	\$ 1,621,896
Restricted	2,448,395	2,506,739	(58,344)
Unrestricted	<u>5,986,732</u>	<u>6,614,121</u>	<u>(627,389)</u>
Total Net Position	<u>\$ 5,470,293</u>	<u>\$ 4,534,130</u>	<u>\$ 936,163</u>

The following table provides a summary of the District's operations for the years ended May 31, 2021, and May 31, 2020.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 3,174,742	\$ 3,095,667	\$ 79,075
Charges for Services	2,483,584	2,436,684	46,900
Other Revenues	<u>150,636</u>	<u>274,669</u>	<u>(124,033)</u>
Total Revenues	<u>\$ 5,808,962</u>	<u>\$ 5,807,020</u>	<u>\$ 1,942</u>
Expenses for Services	<u>4,872,799</u>	<u>4,678,308</u>	<u>(194,491)</u>
Change in Net Position	\$ 936,163	\$ 1,128,712	\$ (192,549)
Net Position, Beginning of Year	<u>4,534,130</u>	<u>3,405,418</u>	<u>1,128,712</u>
Net Position, End of Year	<u>\$ 5,470,293</u>	<u>\$ 4,534,130</u>	<u>\$ 936,163</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2021, were \$9,310,555, a decrease of \$1,539,184 from the prior year.

The General Fund fund balance decreased by \$566,032, primarily due to operating costs and capital expenditures exceeding tax revenues, service revenues and current year transfers.

The Debt Service Fund fund balance decreased by \$99,872, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$873,280, primarily due to the use of bond proceeds received in prior years to fund current year capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$56,734 less than budgeted revenues, actual expenditures were \$882,872 less than budgeted expenditures and actual transfers were \$41,550 more than budgeted transfers. This resulted in a positive variance of \$867,688. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of May 31, 2021, total \$17,036,589 (net of accumulated depreciation) and include land as well as the water and wastewater facilities. Significant capital asset activity during the current fiscal year included the water plant no. 1 and no. 2 elevated storage tank rehabilitations and utility relocations.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 230,634	\$ 230,634	\$
Construction in Progress	1,315,326	932,620	382,706
Capital Assets, Net of Accumulated Depreciation:			
Water System	5,643,943	4,466,194	1,177,749
Wastewater System	9,846,686	10,247,047	(400,361)
Total Net Capital Assets	\$ 17,036,589	\$ 15,876,495	\$ 1,160,094

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2021**

LONG-TERM DEBT ACTIVITY

At year end, the District had total bond debt payable of \$22,840,000. The changes in the debt position of the District during the year ended May 31, 2021, are summarized as follows:

Bond Debt Payable, June 1, 2020	\$ 24,230,000
Less: Bond Principal Paid	<u>1,390,000</u>
Bond Debt Payable, May 31, 2021	<u>\$ 22,840,000</u>

The District carries an underlying rating of "A" by Standards and Poor's Rating or A2 from Moody's. The Series 2011 Refunding bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2013 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The ratings above reflect any changes through May 31, 2021.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 109, c/o Norton Rose Fulbright US LLP, 1301 McKinney Avenue, Suite 5100, Houston, TX 77010-3095.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 204,180	\$ 348,364
Investments	3,479,685	2,496,699
Receivables:		
Property Taxes	75,164	171,623
Penalty and Interest on Delinquent Taxes		
Service Accounts	307,733	
Accrued Interest	3,219	2,934
City of Houston	23,304	
Due from Other Funds	514,437	
Prepaid Costs	24,790	
Due from Other Governmental Units	195,369	
Advance for WWTP Operations	266,398	
Capital Contribution Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 5,094,279	\$ 3,019,620
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,094,279	\$ 3,019,620

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 300	\$ 552,844	\$	\$ 552,844
2,426,808	8,403,192		8,403,192
	246,787		246,787
		80,096	80,096
	307,733		307,733
	6,153		6,153
	23,304		23,304
	514,437	(514,437)	
	24,790		24,790
	195,369		195,369
	266,398		266,398
		1,344,745	1,344,745
		230,634	230,634
		1,315,326	1,315,326
		15,490,629	15,490,629
<u>\$ 2,427,108</u>	<u>\$ 10,541,007</u>	<u>\$ 17,946,993</u>	<u>\$ 28,488,000</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 532,892</u>	<u>\$ 532,892</u>
<u>\$ 2,427,108</u>	<u>\$ 10,541,007</u>	<u>\$ 18,479,885</u>	<u>\$ 29,020,892</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 185,161	\$ 15,411
Accrued Interest Payable		
Due to Other Funds		514,437
Security Deposits	267,131	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 452,292	\$ 529,848
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 75,164	\$ 171,623
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 24,790	\$
Operating Advance	266,398	
Restricted for Authorized Construction		
Restricted for Debt Service		2,318,149
Committed for Capital Projects	1,757,150	
Assigned to 2022 Budget	505,006	
Unassigned	2,013,479	
TOTAL FUND BALANCES	\$ 4,566,823	\$ 2,318,149
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,094,279	\$ 3,019,620
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,525	\$ 202,097	\$	\$ 202,097
		121,473	121,473
	514,437	(514,437)	
	267,131		267,131
		1,135,000	1,135,000
		21,824,898	21,824,898
<u>\$ 1,525</u>	<u>\$ 983,665</u>	<u>\$ 22,566,934</u>	<u>\$ 23,550,599</u>
<u>\$ - 0 -</u>	<u>\$ 246,787</u>	<u>\$ (246,787)</u>	<u>\$ - 0 -</u>
\$	\$ 24,790	\$ (24,790)	\$
	266,398	(266,398)	
2,425,583	2,425,583	(2,425,583)	
	2,318,149	(2,318,149)	
	1,757,150	(1,757,150)	
	505,006	(505,006)	
	2,013,479	(2,013,479)	
<u>\$ 2,425,583</u>	<u>\$ 9,310,555</u>	<u>\$ (9,310,555)</u>	<u>\$ - 0 -</u>
<u>\$ 2,427,108</u>	<u>\$ 10,541,007</u>		
		\$ (2,964,834)	\$ (2,964,834)
		2,448,395	2,448,395
		5,986,732	5,986,732
		<u>\$ 5,470,293</u>	<u>\$ 5,470,293</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2021

Total Fund Balances - Governmental Funds		\$ 9,310,555
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		17,036,589
Credits due from the North Harris County Regional Water Authority for capital contributions are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,344,745
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is		532,892
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		326,883
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	\$ (121,473)	
Bonds Payable	<u>(22,959,898)</u>	<u>(23,081,371)</u>
Total Net Position - Governmental Activities		<u>\$ 5,470,293</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,074,163	\$ 2,061,439
Water Service	537,428	
Wastewater Service	633,397	
Water Authority Fees	1,152,986	
Penalty and Interest	1,244	56,962
Connection/Disconnect/Inspection Fees	22,197	
Sales Tax Revenues	86,463	
Water Authority Credits	147,135	
Investment and Miscellaneous Revenues	44,703	13,393
TOTAL REVENUES	\$ 3,699,716	\$ 2,131,794
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 145,524	\$ 20,288
Contracted Services	326,575	60,614
Purchased Wastewater Service	381,875	
Utilities	119,733	
Repairs and Maintenance	713,042	
Water Authority Assessments	1,444,817	
Depreciation		
Other	203,674	5,537
Capital Outlay	1,027,958	
Debt Service:		
Bond Principal		1,390,000
Bond Interest		755,227
TOTAL EXPENDITURES/EXPENSES	\$ 4,363,198	\$ 2,231,666
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	\$ (663,482)	\$ (99,872)
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	\$ 97,450	\$ - 0 -
NET CHANGE IN FUND BALANCES	\$ (566,032)	\$ (99,872)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2020	5,132,855	2,418,021
FUND BALANCES/NET POSITION - MAY 31, 2021	\$ 4,566,823	\$ 2,318,149

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,135,602	\$ 39,140	\$ 3,174,742
	537,428		537,428
	633,397		633,397
	1,152,986		1,152,986
	58,206	9,234	67,440
	22,197		22,197
	86,463		86,463
	147,135	(76,999)	70,136
6,077	64,173		64,173
<u>\$ 6,077</u>	<u>\$ 5,837,587</u>	<u>\$ (28,625)</u>	<u>\$ 5,808,962</u>
\$	\$ 165,812	\$	\$ 165,812
303	387,492		387,492
	381,875		381,875
	119,733		119,733
2,721	715,763		715,763
	1,444,817		1,444,817
		646,726	646,726
21	209,232		209,232
778,862	1,806,820	(1,806,820)	
	1,390,000	(1,390,000)	
	755,227	46,122	801,349
<u>\$ 781,907</u>	<u>\$ 7,376,771</u>	<u>\$ (2,503,972)</u>	<u>\$ 4,872,799</u>
<u>\$ (775,830)</u>	<u>\$ (1,539,184)</u>	<u>\$ 2,475,347</u>	<u>\$ 936,163</u>
<u>\$ (97,450)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
\$ (873,280)	\$ (1,539,184)	\$ 1,539,184	\$
		936,163	936,163
3,298,863	10,849,739	(6,315,609)	4,534,130
<u>\$ 2,425,583</u>	<u>\$ 9,310,555</u>	<u>\$ (3,840,262)</u>	<u>\$ 5,470,293</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (1,539,184)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	39,140
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	9,234
Governmental funds report repayment of capital contributions as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(76,999)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(646,726)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,806,820
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,390,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(46,122)
Change in Net Position - Governmental Activities	<u>\$ 936,163</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 109 (the “District”) was created effective July 16, 1974, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service and storm sewer drainage for the residents of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units. See Note 9 for information concerning the District’s participation in a regional sewage treatment plant.

Financial Statement Presentation

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2021, the Debt Service Fund owed the General Fund \$514,437 for maintenance tax collections. The Capital Projects Fund transferred \$97,450 to the General Fund to reimburse for bond issuance costs paid in a previous year.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District committed \$1,757,150 to the water plant no. 2 expansion project.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District assigned \$505,006 of its General Fund fund balance to help cover the projected budget deficit in the 2022 fiscal year.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 3. LONG-TERM DEBT

	<u>Refunding Series 2011</u>	<u>Refunding Series 2013</u>
Amount Outstanding – May 31, 2021	\$2,025,000	\$3,150,000
Interest Rates	4.00%	2.75% - 4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2021/2024	October 1, 2021/2029
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2019*	October 1, 2021*
	<u>Refunding Series 2015</u>	<u>Series 2017</u>
Amount Outstanding – May 31, 2021	\$5,565,000	\$12,100,000
Interest Rates	2.592% - 3.24%	2.00% - 3.625%
Maturity Dates – Serially Beginning/Ending	October 1, 2021/2030	October 1, 2021/2041
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2023*	October 1, 2024*

* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2017 term bonds maturing on October 1, 2038, and 2041, are subject to mandatory redemption beginning October 1, 2037 and 2039, respectively.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of May 31, 2021, the District had authorized but unissued bonds in the amount of \$12,950,000 for utility facilities and \$31,720,000 for refunding purposes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2021:

	June 1, 2020	Additions	Retirements	May 31, 2021
Bonds Payable	\$ 24,230,000	\$	\$ 1,390,000	\$ 22,840,000
Unamortized Discounts	(176,964)		(17,110)	(159,854)
Unamortized Premiums	309,696		29,944	279,752
Bonds Payable, Net	\$ 24,362,732	\$ -0-	\$ 1,402,834	\$ 22,959,898
			Amount Due Within One Year	\$ 1,135,000
			Amount Due After One Year	21,824,898
			Bonds Payable, Net	\$ 22,959,898

As of May 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,135,000	\$ 711,088	\$ 1,846,088
2023	1,240,000	674,048	1,914,048
2024	1,445,000	631,844	2,076,844
2025	1,500,000	582,777	2,082,777
2026	1,555,000	540,387	2,095,387
2027-2031	8,485,000	1,994,328	10,479,328
2032-2036	3,030,000	1,042,688	4,072,688
2037-2041	3,640,000	482,233	4,122,233
2042	810,000	14,681	824,681
	\$ 22,840,000	\$ 6,674,074	\$ 29,514,074

During the year ended May 31, 2021, the District levied an ad valorem debt service tax rate of \$0.315 per \$100 of assessed valuation, which resulted in a tax levy of \$2,080,941 on the adjusted taxable valuation of \$660,616,176 for the 2020 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$4,402,844 and the bank balance was \$5,408,094. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 204,180	\$ 2,890,000	\$ 3,094,180
DEBT SERVICE FUND	348,364	960,000	1,308,364
CAPITAL PROJECTS FUND	300		300
TOTAL DEPOSITS	\$ 552,844	\$ 3,850,000	\$ 4,402,844

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investments in certificates of deposits at acquisition cost. As of May 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 589,685	\$ 589,685
Certificates of Deposit	2,890,000	2,890,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	1,536,699	1,536,699
Certificates of Deposit	960,000	960,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	2,426,808	2,426,808
TOTAL INVESTMENTS	\$ 8,403,192	\$ 8,403,192

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investments in Texas CLASS were rated AAAM by Standard and Poor's. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year due to the fact share positions can usually be redeemed each day at the discretion of the District. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2021 is as follows:

	June 1, 2020	Increases	Decreases	May 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 230,634	\$	\$	\$ 230,634
Construction in Progress	932,620	1,806,820	1,424,114	1,315,326
Total Capital Assets Not Being Depreciated	<u>\$ 1,163,254</u>	<u>\$ 1,806,820</u>	<u>\$ 1,424,114</u>	<u>\$ 1,545,960</u>
Capital Assets Subject to Depreciation				
Water System	\$ 9,501,342	\$ 1,424,114	\$	\$ 10,925,456
Wastewater System	18,929,675	_____	_____	18,929,675
Total Capital Assets Subject to Depreciation	<u>\$ 28,431,017</u>	<u>\$ 1,424,114</u>	<u>\$ - 0 -</u>	<u>\$ 29,855,131</u>
Accumulated Depreciation				
Water System	\$ 5,035,148	\$ 246,365	\$	\$ 5,281,513
Wastewater System	8,682,628	400,361	_____	9,082,989
Total Accumulated Depreciation	<u>\$ 13,717,776</u>	<u>\$ 646,726</u>	<u>\$ - 0 -</u>	<u>\$ 14,364,502</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,713,241</u>	<u>\$ 777,388</u>	<u>\$ - 0 -</u>	<u>\$ 15,490,629</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,876,495</u>	<u>\$ 2,584,208</u>	<u>\$ 1,424,114</u>	<u>\$ 17,036,589</u>

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

NOTE 7. MAINTENANCE TAX

Voters of the District approved the levy and collection of a maintenance tax of not more than \$1.00 per \$100 of assessed valuation of taxable property within the District. A maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended May 31, 2021, the District levied an ad valorem maintenance tax of \$0.165 per \$100 of assessed valuation, which resulted in a tax levy of \$1,090,017 on the adjusted taxable valuation of \$660,616,176 for the 2020 tax year.

NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENT

On July 1, 1996, the District and Harris County Municipal Utility District No. 151 (District No. 151) entered into an agreement which outlines the terms in which each district will provide water and wastewater collection services for certain areas of the other district. A supplement to this agreement was signed on April 18, 2000. The agreement has a term of 40 years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENT (Continued)

This agreement calls for water to be provided by the District to several specific tracts of land within District No. 151. The agreement states that the meters in this area will be read by District No. 151's operator on a monthly basis and the total gallons of water registered on all such meters will be provided to the District's operator. The agreement states the District will charge District No. 151 for all water at its rate per 1,000 gallons for the first 1,000 gallons of usage in excess of the minimum bill for residential customers of the District, as such rate is set forth in the District's current rate order plus regional water authority fees. District No. 151 is treated as a single customer for purposes of calculating the amount due to the District.

The agreement also makes provisions for wastewater collection and emergency water services to the other district. Wastewater collection services are provided by each district to the other district at no charge. Emergency water service is to be paid in kind for water supplied for less than five days. The district supplying water may bill the district receiving the emergency water service for such period in excess of the first five days, at a rate equal to the out-of-district water service rate for the district providing the emergency water service.

NOTE 9. JOINT WASTE DISPOSAL CONTRACT

Harris County Municipal Utility District Nos. 46, 106, 109, 132, 151, 109 and 153 previously entered into a Waste Disposal Contract to operate and maintain a regional sewage treatment plant to serve surrounding areas. The agreement calls for each district to pay its pro rata share of operating costs of the plant based upon a budget of the estimated costs. The agreement provides for the establishment of a Joint Operations Board. The Joint Operations Board is responsible for adoption of a budget for both Exhibit B and C costs for the fiscal year June 1 through May 31 and determines the rates to be charged based upon the expected operating budgets. Exhibit B costs are insurance and maintenance of the plant, Exhibit C costs are costs related to the operation of the plant.

On December 1, 2012, the participants in the plant executed a Fourth Amended and Restated Waste Disposal Contract whereby certain participants agreed to sell and assign capacity to Harris County Municipal Utility District No. 494 (District No. 494). The term of the agreement ends August 1, 2048. On December 1, 2012, the participants executed an amended Sanitary Sewer Line Contract which provides for the participants to sell capacity in the line to District No. 494.

As of May 31, 2021, the District's advance for operation and maintenance of the regional sewage treatment plant was \$266,398 and the District recorded a total of \$381,875 for its share of operating costs of the plant.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 9. JOINT WASTE DISPOSAL CONTRACT (Continued)

The following summary financial data of the Atascocita Central Plant is presented for the fiscal year ended May 31, 2021. A copy of the financial statements for the plant can be obtained by contacting Norton Rose Fulbright US LLP.

	Joint Venture
Total Assets	\$ 1,988,291
Total Liabilities	669,341
Total Fund Balance	\$ 1,318,950
Total Revenues	\$ 1,977,664
Total Expenditures	1,977,664
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources (Uses)	
Reserve Adjustment	42,750
Net Increase (Decrease) in Fund Balance	\$ 42,750
Fund Balance, Beginning of Year	1,276,200
Fund Balance, End of Year	\$ 1,318,950

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is \$4.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$1,444,817 for pumpage fees from the Authority during the current fiscal year.

In 2003, the District entered into a Capital Contribution Contract with the Authority and made a capital contribution of \$2,018,949 to the Authority. The District is receiving capital contribution credits to be applied to the pumpage fees which the Authority assesses. Interest accrues on the District’s Capital Contribution at 5.0575% per annum. The following is a schedule of the remaining capital contribution credits (principal only) to be received under the terms of the agreement.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Fiscal Year	Principal
2022	\$ 80,985
2023	85,177
2024	89,586
2025	94,223
2026	99,101
2027-2031	577,971
2032-2034	317,702
	\$ 1,344,745

NOTE 11. RISK MANAGEMENT

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

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 31, 2015, the District has entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City delivers to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement. During the year ended May 31, 2021, the District received \$86,463 in sales tax revenues.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 13. ECONOMIC UNCERTAINTIES

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

DRAFT SUBJECT TO CHANGE

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2021

DRAFT SUBJECT TO CHANGE

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,004,500	\$ 1,074,163	\$ 69,663
Water Service	567,400	537,428	(29,972)
Wastewater Service	642,000	633,397	(8,603)
Water Authority Fees	1,116,000	1,152,986	36,986
Penalty and Interest	81,000	1,244	(79,756)
Connection/Disconnect/Inspection Fees	81,650	22,197	(59,453)
Sales Tax Revenues	71,000	86,463	15,463
Investment and Miscellaneous Revenues	45,765	44,703	(1,062)
TOTAL REVENUES	<u>\$ 3,609,315</u>	<u>\$ 3,552,581</u>	<u>\$ (56,734)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 147,900	\$ 145,524	\$ 2,376
Contracted Services	319,200	326,575	(7,375)
Purchased Wastewater Service	410,848	381,875	28,973
Utilities	110,400	119,733	(9,333)
Water Authority Assessment, Net of Credits	1,116,000	1,297,682	(181,682)
Repairs and Maintenance	728,600	713,042	15,558
Other	242,705	203,674	39,031
Capital Outlay	2,023,282	1,027,958	995,324
TOTAL EXPENDITURES	<u>\$ 5,098,935</u>	<u>\$ 4,216,063</u>	<u>\$ 882,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,489,620)</u>	<u>\$ (663,482)</u>	<u>\$ 826,138</u>
OTHER FINANCING SOURCES(USES)			
Transfers In(Out)	\$ 55,900	\$ 97,450	\$ 41,550
NET CHANGE IN FUND BALANCE	\$ (1,433,720)	\$ (566,032)	\$ 867,688
FUND BALANCE - JUNE 1, 2020	<u>5,132,855</u>	<u>5,132,855</u>	<u> </u>
FUND BALANCE - MAY 31, 2021	<u>\$ 3,699,135</u>	<u>\$ 4,566,823</u>	<u>\$ 867,688</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2021

DRAFT SUBJECT TO CHANGE

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved October 16, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>				
WATER:	\$ 10.00	10,000	N	\$ 1.25	10,001 to 20,000				
				\$ 1.50	20,001 to 30,000				
				\$ 1.80	30,001 to 40,000				
				\$ 2.50	40,001 and up				
WASTEWATER:	\$ 16.00	30,000	N	\$ 1.00	30,001 to 40,000				
				\$ 2.00	40,001 and up				
SURCHARGE: Water Authority Fees			N	\$ 4.35	0,001 and up				
District employs winter averaging for wastewater usage?					<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u> </u></td> <td style="width: 50%; text-align: center;"><u> X </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	<u> </u>	<u> X </u>	Yes	No
<u> </u>	<u> X </u>								
Yes	No								

Total monthly charges per 10,000 gallons usage: Water: \$10.00 Wastewater: \$16.00 Surcharge: \$43.50 Total: \$69.50

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	2,878	2,852	x 1.0	2,852
1"	223	216	x 2.5	540
1½"	13	13	x 5.0	65
2"	33	30	x 8.0	240
3"			x 15.0	
4"	3	3	x 25.0	75
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>3,150</u>	<u>3,114</u>		<u>3,772</u>
Total Wastewater Connections	<u>3,150</u>	<u>3,113</u>	x 1.0	<u>3,113</u>

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

Gallons pumped into system:	331,387,000	Water Accountability Ratio: 87% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	279,248,000	
Gallons sold:	8,980,000	To: Harris County MUD No. 151

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2021

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2021

PROFESSIONAL FEES:	
Auditing	\$ 16,250
Engineering	75,994
Legal	<u>53,280</u>
TOTAL PROFESSIONAL FEES	<u>\$ 145,524</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 381,875</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 31,611
Operations and Billing	135,460
Security	<u>159,504</u>
TOTAL CONTRACTED SERVICES	<u>\$ 326,575</u>
UTILITIES:	
Electricity	\$ 109,420
Telephone	<u>10,313</u>
TOTAL UTILITIES	<u>\$ 119,733</u>
REPAIRS AND MAINTENANCE	<u>\$ 713,042</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 24,060
Insurance	28,868
Office Supplies and Postage	62,128
Travel and Meetings	4,858
Other	<u>8,004</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 127,918</u>
CAPITAL OUTLAY	<u>\$ 1,027,958</u>
TAP CONNECTIONS	<u>\$ 1,455</u>
OTHER EXPENDITURES:	
Chemicals	\$ 42,381
Laboratory Fees	6,113
Permit Fees	7,017
Reconnection Fees	7,550
Inspection Fees	840
Water Authority Assessments	1,444,817
Regulatory Assessment	5,670
Supplies and Chemicals	<u>4,730</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,519,118</u>
TOTAL EXPENDITURES	<u><u>\$ 4,363,198</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
INVESTMENTS
MAY 31, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 589,685	\$
Certificate of Deposit	XXXX0213	0.20%	04/22/22	240,000	51
Certificate of Deposit	XXXX8606	0.62%	12/22/21	240,000	652
Certificate of Deposit	XXXX2232	0.50%	01/16/22	240,000	444
Certificate of Deposit	XXXX2426	0.45%	02/27/22	240,000	275
Certificate of Deposit	XXXX1359	0.35%	01/25/22	240,000	290
Certificate of Deposit	XXXX0129	0.25%	02/19/22	240,000	166
Certificate of Deposit	XXXX1856	0.20%	08/29/21	245,000	121
Certificate of Deposit	XXXX0459	0.25%	01/12/22	240,000	229
Certificate of Deposit	XXXX3907	0.20%	09/28/21	245,000	121
Certificate of Deposit	XXXX8790	0.35%	09/14/21	240,000	239
Certificate of Deposit	XXXX0447	0.40%	11/24/21	240,000	494
Certificate of Deposit	XXXX1242	0.20%	10/15/21	240,000	137
TOTAL GENERAL FUND				\$ 3,479,685	\$ 3,219
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 1,536,699	\$
Certificate of Deposit	XXXX2636	0.40%	08/30/21	240,000	550
Certificate of Deposit	XXXX2151	0.29%	03/19/22	240,000	139
Certificate of Deposit	XXXX0072	0.60%	09/22/21	240,000	1,002
Certificate of Deposit	XXXX6273	0.75%	09/21/21	240,000	1,243
TOTAL DEBT SERVICE FUND				\$ 2,496,699	\$ 2,934
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 2,426,808	\$ -0-
TOTAL - ALL FUNDS				\$ 8,403,192	\$ 6,153

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
JUNE 1, 2020	\$ 59,522		\$ 148,125
Adjustments to Beginning			
Balance	(212)	\$ 59,310	(999)
			\$ 147,126
Original 2020 Tax Levy	\$ 962,050		\$ 1,836,641
Adjustment to 2020 Tax Levy	127,967	1,090,017	244,300
TOTAL TO BE			
ACCOUNTED FOR		\$ 1,149,327	\$ 2,228,067
TAX COLLECTIONS:			
Prior Years	\$ 33,773		\$ 70,246
Current Year	1,040,390	1,074,163	1,986,198
			2,056,444
TAXES RECEIVABLE -			
MAY 31, 2021		\$ 75,164	\$ 171,623
TAXES RECEIVABLE BY			
YEAR:			
2020		\$ 49,627	\$ 94,743
2019		7,485	14,970
2018		3,649	10,104
2017		3,221	8,282
2016		1,800	6,710
2015		1,819	5,457
2014		1,505	4,515
2013		889	3,736
2012		674	2,833
2011		602	2,528
2010 and prior		3,893	17,745
TOTAL		\$ 75,164	\$ 171,623

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 133,252,678	\$ 107,559,057	\$ 99,980,102	\$ 97,359,021
Improvements	553,841,831	564,463,334	503,023,965	492,953,478
Personal Property	15,450,487	13,751,917	13,433,003	13,133,175
Exemptions	<u>(41,928,820)</u>	<u>(44,154,281)</u>	<u>(23,157,154)</u>	<u>(25,010,945)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 660,616,176</u>	<u>\$ 641,620,027</u>	<u>\$ 593,279,916</u>	<u>\$ 578,434,729</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.315	\$ 0.32	\$ 0.36	\$ 0.36
Maintenance	<u>0.165</u>	<u>0.16</u>	<u>0.13</u>	<u>0.14</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.480</u>	<u>\$ 0.48</u>	<u>\$ 0.49</u>	<u>\$ 0.50</u>
ADJUSTED TAX LEVY*	<u>\$ 3,170,958</u>	<u>\$ 3,079,763</u>	<u>\$ 2,907,072</u>	<u>\$ 2,892,181</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>95.45 %</u>	<u>99.27 %</u>	<u>99.53 %</u>	<u>99.60 %</u>

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

Voters have approved a maximum maintenance tax rate of \$1.00 per \$100 of assessed valuation.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

SERIES - 2011 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 580,000	\$ 69,400	\$ 649,400
2023	625,000	45,300	670,300
2024	400,000	24,800	424,800
2025	420,000	8,400	428,400
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,025,000</u>	<u>\$ 147,900</u>	<u>\$ 2,172,900</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

SERIES - 2013 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 105,000	\$ 121,806	\$ 226,806
2023	115,000	118,781	233,781
2024	380,000	109,600	489,600
2025	400,000	94,000	494,000
2026	415,000	77,700	492,700
2027	440,000	60,600	500,600
2028	460,000	42,600	502,600
2029	485,000	23,700	508,700
2030	350,000	7,000	357,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,150,000</u>	<u>\$ 655,787</u>	<u>\$ 3,805,787</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 70,000	\$ 143,338	\$ 213,338
2023	70,000	141,523	211,523
2024	225,000	137,700	362,700
2025	220,000	131,933	351,933
2026	695,000	127,818	822,818
2027	680,000	133,958	813,958
2028	700,000	105,462	805,462
2029	720,000	82,458	802,458
2030	890,000	56,376	946,376
2031	1,295,000	20,979	1,315,979
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 5,565,000</u>	<u>\$ 1,081,545</u>	<u>\$ 6,646,545</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

SERIES - 2017				
Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total	
2022	\$ 380,000	\$ 376,544	\$	756,544
2023	430,000	368,444		798,444
2024	440,000	359,744		799,744
2025	460,000	348,444		808,444
2026	445,000	334,869		779,869
2027	460,000	321,294		781,294
2028	475,000	307,269		782,269
2029	490,000	292,794		782,794
2030	515,000	277,719		792,719
2031	525,000	262,119		787,119
2032	560,000	245,844		805,844
2033	585,000	228,303		813,303
2034	605,000	209,709		814,709
2035	630,000	190,019		820,019
2036	650,000	168,813		818,813
2037	675,000	146,453		821,453
2038	700,000	122,812		822,812
2039	725,000	97,875		822,875
2040	755,000	71,503		826,503
2041	785,000	43,590		828,590
2042	810,000	14,681		824,681
	\$ 12,100,000	\$ 4,788,842	\$	16,888,842

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,135,000	\$ 711,088	\$ 1,846,088
2023	1,240,000	674,048	1,914,048
2024	1,445,000	631,844	2,076,844
2025	1,500,000	582,777	2,082,777
2026	1,555,000	540,387	2,095,387
2027	1,580,000	515,852	2,095,852
2028	1,635,000	455,331	2,090,331
2029	1,695,000	398,952	2,093,952
2030	1,755,000	341,095	2,096,095
2031	1,820,000	283,098	2,103,098
2032	560,000	245,844	805,844
2033	585,000	228,303	813,303
2034	605,000	209,709	814,709
2035	630,000	190,019	820,019
2036	650,000	168,813	818,813
2037	675,000	146,453	821,453
2038	700,000	122,812	822,812
2039	725,000	97,875	822,875
2040	755,000	71,503	826,503
2041	785,000	43,590	828,590
2042	810,000	14,681	824,681
	<u>\$ 22,840,000</u>	<u>\$ 6,674,074</u>	<u>\$ 29,514,074</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2021

Description	Original Bonds Issued	Bonds Outstanding June 1, 2020
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2008	\$ 6,165,000	\$ 660,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2011	5,640,000	2,580,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2013	3,745,000	3,255,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2015	5,920,000	5,635,000
Harris County Municipal Utility District No. 109 Unlimited Tax Bonds - Series 2017	12,100,000	12,100,000
TOTAL	\$ 33,570,000	\$ 24,230,000
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 61,830,000	\$ 32,730,000
Amount Issued	48,880,000	1,010,000
Remaining to be Issued	<u>\$ 12,950,000</u>	<u>\$ 31,720,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 660,000	\$ 13,200	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	555,000	92,100	2,025,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	124,431	3,150,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	145,152	5,565,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		380,344	12,100,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,390,000</u>	<u>\$ 755,227</u>	<u>\$ 22,840,000</u>	

Debt Service Fund cash and investment balances as of May 31, 2021: \$ 2,845,063

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,405,432

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

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,074,163	\$ 1,007,887	\$ 770,589
Water Service	537,428	556,268	534,561
Wastewater Service	633,397	638,922	622,052
Water Authority Fees	1,152,986	994,208	845,456
Penalty and Interest	1,244	73,753	98,286
Connection/Disconnect/Inspection Fees	22,197	67,594	120,857
Sales Tax Revenues	86,463	74,517	70,841
Sale of Capacity			173,901
Water Authority Credits	147,135	147,135	147,135
Investment and Miscellaneous Revenues	44,703	90,389	115,555
TOTAL REVENUES	\$ 3,699,716	\$ 3,650,673	\$ 3,499,233
EXPENDITURES			
Professional Fees	\$ 145,524	\$ 142,558	\$ 138,872
Contracted Services	326,575	263,123	229,998
Purchased Wastewater Service	381,875	361,729	379,479
Utilities	119,733	109,725	110,603
Repairs and Maintenance	713,042	731,660	601,088
Water Authority Assessments	1,444,817	1,260,028	1,066,968
Other	203,674	227,638	252,710
Capital Outlay	1,027,958	392,846	253,138
TOTAL EXPENDITURES	\$ 4,363,198	\$ 3,489,307	\$ 3,032,856
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (663,482)	\$ 161,366	\$ 466,377
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ 97,450	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (566,032)	\$ 161,366	\$ 466,377
BEGINNING FUND BALANCE	5,132,855	4,971,489	4,505,112
ENDING FUND BALANCE	\$ 4,566,823	\$ 5,132,855	\$ 4,971,489

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 796,048	\$ 595,683	29.1 %	27.7 %	21.9 %	24.7 %	19.8 %
524,713	636,035	14.5	15.2	15.3	16.2	20.9
601,706	582,334	17.1	17.5	17.8	18.6	19.1
763,278	661,238	31.2	27.2	24.2	23.6	21.7
75,289	43,993		2.0	2.8	2.3	1.4
64,252	71,014	0.6	1.9	3.5	2.0	2.3
80,806	72,755	2.3	2.0	2.0	2.5	2.4
151,611	146,487			5.0	4.7	4.8
147,135	147,135	4.0	4.0	4.2	4.5	4.8
29,857	85,032	1.2	2.5	3.3	0.9	2.8
<u>\$ 3,234,695</u>	<u>\$ 3,041,706</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 129,764	\$ 115,406	3.9 %	3.9 %	4.0 %	4.0 %	3.8 %
248,363	230,088	8.8	7.2	6.6	7.7	7.6
339,454	301,412	10.3	9.9	10.8	10.5	9.9
121,389	120,188	3.2	3.0	3.2	3.8	4.0
508,336	502,091	19.3	20.0	17.2	15.7	16.5
932,927	850,178	39.1	34.5	30.5	28.8	28.0
317,824	210,812	5.5	6.2	7.2	9.8	6.9
75,889	5,689	27.8	10.8	7.2	2.3	0.2
<u>\$ 2,673,946</u>	<u>\$ 2,335,864</u>	<u>117.9 %</u>	<u>95.5 %</u>	<u>86.7 %</u>	<u>82.6 %</u>	<u>76.9 %</u>
<u>\$ 560,749</u>	<u>\$ 705,842</u>	<u>(17.9) %</u>	<u>4.5 %</u>	<u>13.3 %</u>	<u>17.4 %</u>	<u>23.1 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 560,749	\$ 705,842					
<u>3,944,363</u>	<u>3,238,521</u>					
<u>\$ 4,505,112</u>	<u>\$ 3,944,363</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 2,061,439	\$ 2,031,834	\$ 2,131,528
Penalty and Interest	56,962	20,626	33,106
Investment and Miscellaneous Revenues	13,393	45,353	48,475
TOTAL REVENUES	\$ 2,131,794	\$ 2,097,813	\$ 2,213,109
EXPENDITURES			
Tax Collection Expenditures	\$ 83,089	\$ 64,595	\$ 74,514
Debt Service Principal	1,390,000	1,325,000	830,000
Debt Service Interest and Fees	758,577	809,533	852,514
TOTAL EXPENDITURES	\$ 2,231,666	\$ 2,199,128	\$ 1,757,028
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (99,872)	\$ (101,315)	\$ 456,081
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (99,872)	\$ (101,315)	\$ 456,081
BEGINNING FUND BALANCE	2,418,021	2,519,336	2,063,255
ENDING FUND BALANCE	\$ 2,318,149	\$ 2,418,021	\$ 2,519,336
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,114	3,114	3,085
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,113	3,080	3,084

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 2,058,182	\$ 2,209,726	96.7 %	96.8 %	96.3 %	96.1 %	98.4 %
35,038	33,631	2.7	1.0	1.5	1.6	1.5
48,852	3,068	0.6	2.2	2.2	2.3	0.1
<u>\$ 2,142,072</u>	<u>\$ 2,246,425</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 69,642	\$ 73,050	3.9 %	3.1 %	3.4 %	3.3 %	3.3 %
2,005,000	1,195,000	65.2	63.2	37.5	93.6	53.2
963,284	585,993	35.6	38.6	38.5	45.0	26.1
<u>\$ 3,037,926</u>	<u>\$ 1,854,043</u>	<u>104.7 %</u>	<u>104.9 %</u>	<u>79.4 %</u>	<u>141.9 %</u>	<u>82.6 %</u>
\$ (895,854)	\$ 392,382	<u>(4.7) %</u>	<u>(4.9) %</u>	<u>20.6 %</u>	<u>(41.9) %</u>	<u>17.4 %</u>
\$ - 0 -	\$ 396,191					
\$ (895,854)	\$ 788,573					
<u>2,959,109</u>	<u>2,170,536</u>					
<u>\$ 2,063,255</u>	<u>\$ 2,959,109</u>					
<u>3,056</u>	<u>2,960</u>					
<u>3,053</u>	<u>2,927</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021

District Mailing Address - Harris County Municipal Utility District No. 109
c/o Norton Rose Fulbright US LLP
1301 McKinney Ave., Suite 5100
Houston, TX 77010-3095

District Telephone Number - (713) 651-5151

Board Members	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended May 31, 2021</u>	<u>Expense Reimbursements for the year ended May 31, 2021</u>	<u>Title</u>
Owen H. Parker	05/20 – 05/24 (Elected)	\$ 7,050	\$ 591	President
Chris Green	05/20 – 05/24 (Elected)	\$ 4,950	\$ 802	Vice President
Cheryl Moore	05/18 – 05/22 (Elected)	\$ 2,850	\$ 329	Secretary
Robin Sulpizio	05/18 – 05/22 (Elected)	\$ 3,900	\$ 753	Assistant Secretary
Nancy Frank	03/18 – 05/22 (Appointed)	\$ 3,600	\$ 676	Assistant Secretary

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

The submission date of the most recent District Registration Form: June 5, 2019

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 20, 2003. Fees of Office are the amounts actually paid to a Director during the District’s current period.

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2021</u>	<u>Title</u>
Norton Rose Fulbright US LLP	07/29/74	\$ 53,652	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/24/16	\$ 16,250	Auditor
Municipal Accounts & Consulting, L.P.	02/27/17	\$ 34,174	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/19/96	\$ 20,288	Delinquent Tax Attorney
Brown & Gay Engineers, Inc.	09/19/84	\$ 270,641	Engineer
Robert W. Baird & Co.	02/17/15	\$ -0-	Financial Advisor
Water Wastewater Management Services, Inc.	03/20/01	\$ 703,713	Operator
Bill Spencer	08/15/95	\$ 38,200	Tax Assessor/ Collector

See accompanying independent auditor's report.

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

September 21, 2021

Board of Directors
Harris County Municipal
Utility District No. 109
Harris County, Texas

In planning and performing our audit of the financial statements of Harris County Municipal Utility District No. 109 (the "District") as of and for the year ended May 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weaknesses

We observed the following matters that we consider to be control deficiencies, significant deficiencies or material weaknesses.

The District's management consists of an elected Board of Directors (the "Directors"). In most cases the day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District's system of internal control over financial reporting.

Material Weaknesses (Continued)

During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. In addition, the District's Management relies on the District's auditor to prepare the capital asset and depreciation schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function is considered to be a material weakness in the system of internal control. Auditing standards does not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

Management's Response

The District's Board of Directors is appointed or elected from the general population. The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

September 21, 2021

Board of Directors
Harris County Municipal
Utility District No. 109

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 109 (the "District") for the year ended May 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our evergreen audit engagement letter to you dated May 16, 2017 and subsequent audit continuance letters. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Board of Directors and/or District consultants.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of depreciable lives of capital assets and amounts recorded as due to developer. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis, or on the life of the applicable contract in the case of intangible assets. Amounts shown as due to developer are based on final construction costs plus an estimated 15% for engineering and other fees. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District's bookkeeper will be provided with all such adjustments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2021.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of capital assets and due to developer schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by the Texas Commission on Environmental Quality, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
HARRIS COUNTY, TEXAS
SEPTEMBER 21, 2021

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
13100 Wortham Center Drive, Suite 235
Houston, Texas 77065-5610

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Harris County Municipal Utility District No. 109, (the "District"), which comprise the respective financial position of the governmental activities and each major fund as of May 31, 2021, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 21, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 16, 2017, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved and accepted responsibility for those financial statements and related notes.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the basic financial statements.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 30) All funds that meet the quantitative criteria for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 32) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the supplementary information required by the Water District Financial Management Guide,
 - a) We acknowledge our responsibility for presenting this information in accordance with the Commission's requirements and we believe this information, including its form and content, is fairly presented in accordance with the Commission's requirements. The methods of measurement and presentation of this information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If this information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

**HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 109**

Signatures of the Board of Directors

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

**ANNUAL REPORT OF FINANCIAL INFORMATION
AND OPERATING DATA
(Pursuant to S.E.C. Rule 15c2-12)**

Related to:

**Unlimited Tax Refunding Bonds, Series 2011
Unlimited Tax Refunding Bonds, Series 2013
Unlimited Tax Bonds, Series 2017**

Base CUSIP No. 414910

This Annual Report of Financial Information and Operating Data (“Annual Report”) is filed by Harris County Municipal Utility District No. 109 (the “District”), pursuant to the terms of an Order dated September 27, 2011 (the “2011 Order”), under which the District’s Series 2011 Bonds (the “2011 Bonds”) were issued, an Order dated June 18, 2013 (the “2013 Order”), under which the District’s Series 2013 Bonds (the “2013 Bonds”) were issued and an Order dated January 17, 2017 (the “2017 Order,” and collectively with the 2011 Order, the 2013 Order and the 2017 Order, the “Orders”), under which the District’s Series 2017 Bonds (the “2017 Bonds,” and collectively with the 2011 Bonds, the 2013 Bonds, the “Bonds”) were issued. This Annual Report relates to the Bonds. The 2011 Bonds are described in the District’s Official Statement dated September 27, 2011, the 2013 Bonds are described in the District’s Official Statement dated September 19, 2013, and the 2017 Bonds are described in the District’s Official Statement dated January 17, 2017.

Terms used herein that are not defined herein shall have the meanings ascribed to such terms in the District’s Official Statements dated September 27, 2011, September 19, 2013, and January 17, 2017, which are on file with the Municipal Securities Rulemaking Board.

The information in this Annual Report is provided solely to comply with the District’s contractual commitment established by the Orders to provide the information specified therein. This Annual Report is not made by the District in connection with a purchase or sale of Bonds and accordingly is not intended to contain all information material to a decision to purchase or sell Bonds.

Harris County Municipal Utility District No. 109
c/o Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
713/651-5259
Contact Person: Dimitri Millas

DISTRICT DEBT

District Debt

The information under this caption is included in the audited financial statements of the District attached hereto.

TAX DATA

Historical Tax Collections

The information under this caption is included in the audited financial statements of the District attached hereto.

Analysis of Tax Base

The information under this caption is included in the audited financial statements of the District attached hereto.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2021 tax roll:

Property Owner	Description	Taxable Value
RICE TREE INC	Land & Improvements	\$3,191,411
HDP 1960 LLC	Land & Improvements	\$3,037,730
PEET HOTELS INC.	Land & Improvements	\$2,602,152
5311 ATAS LLC	Land & Improvements	\$2,568,602
ML3 PROPERTIES HOUSTON LLC	Land & Improvements	\$2,527,829
CENTERPOINT ENERGY HOU ELE	Utilities	\$2,471,870
ALEXANDER TONY A	Land & Improvements	\$2,326,358
RIDEAUX WILDA J	Land & Improvements	\$1,902,000
ATASCOCITA CAR CARE COLLISION INC.	Land & Improvements	\$1,859,360
COMCAST OF HOUSTON LLC	Utilities	\$1,766,430

THE SYSTEM

Water

The District is served with potable water by two groundwater supply plants. According to the engineer for the District, the total capacity is sufficient to serve 4,167 equivalent single-family connections. The Historical Operations of the System are included in the audited financial statements of the District attached hereto.

Wastewater

Permanent wastewater treatment for Atascocita (Harris County MUD Nos. 46, 106, 132, 151, 152, 153, and 494) and the District is being provided by a regional sewage treatment plant (the "Regional Plant"). The Regional Plant has a total capacity of nine million gallons per day ("gpd"), of which the District owns 2.01 million gpd capacity. According to the engineer, this capacity is sufficient to serve approximately 6,285 equivalent single-family connections within the District.

AUDITED FINANCIAL STATEMENTS

Audited financial statements of the District for its fiscal year ending May 31, 2021 are attached hereto.

MISCELLANEOUS

The information set forth herein has been obtained from the District's records and other sources which are considered reliable. Any statement in this Annual Report which includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained in this Annual Report is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this Annual Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the District or in the other matters described herein since the date as of which such information is provided.

The historical information set forth in this Annual Report is not necessarily indicative of future results or performance due to various factors, including, among others, those discussed in the District's Official Statements pertaining to the Bonds. Such Official Statements are on file with the Municipal Securities Rulemaking Board.

In the Orders, the District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement. See "Continuing Disclosure of Information" in the Official Statements.

Harris County Municipal Utility District No. 109

Potential Refunding Update

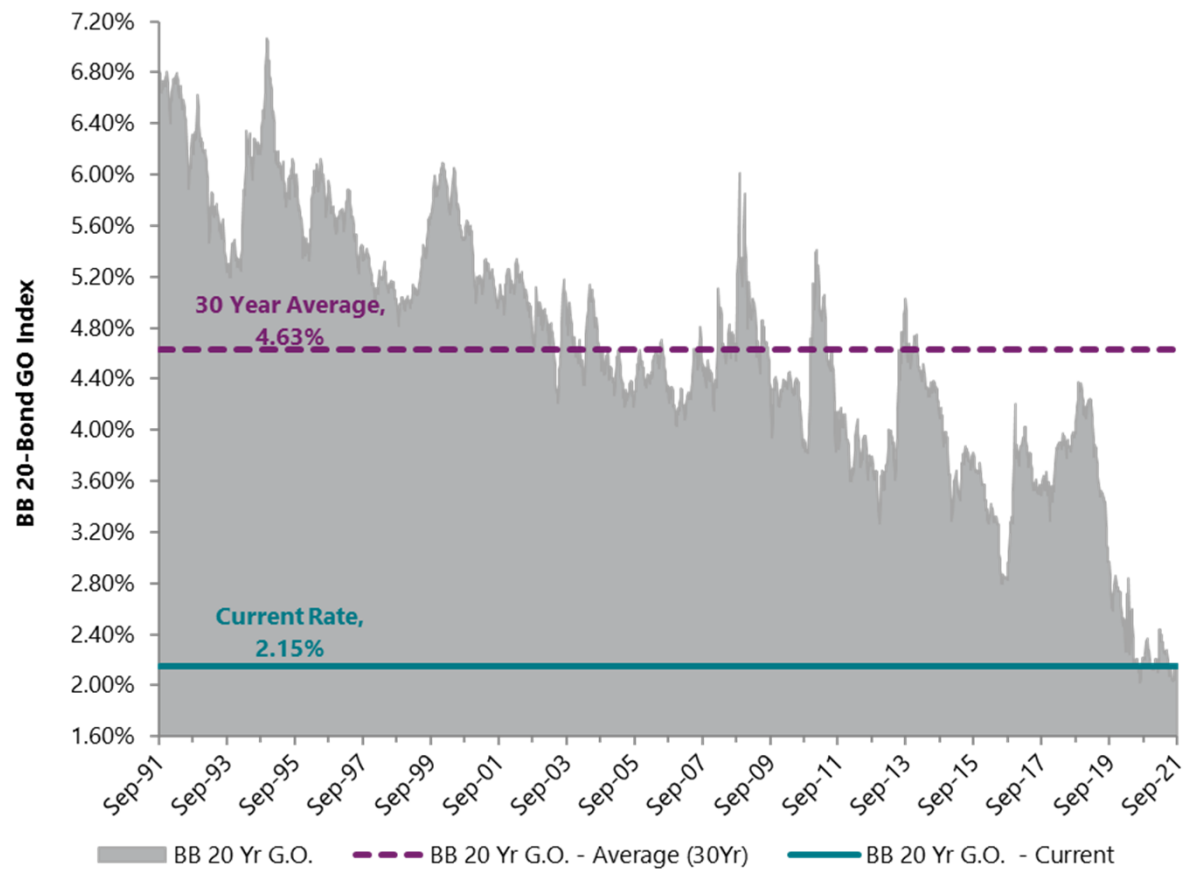
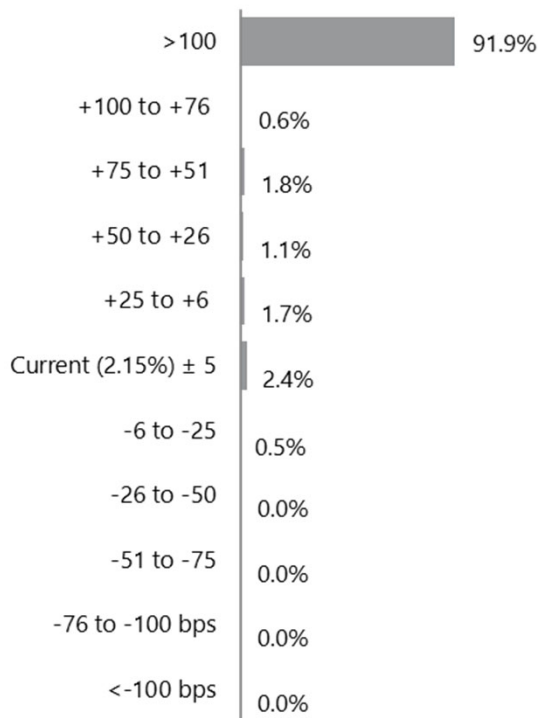
September 21, 2021

Robert W. Baird & Co. Incorporated ("Baird") is providing this information to you for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities. Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. A financial advisor or municipal advisor is subject to a fiduciary duty, including a duty of care and a duty of loyalty, and is required to act solely in the best interests of the client. See "Disclosure When Baird's Role is Financial Advisor" contained herein.



Bond Buyer 20-Bond Index (30-Year History)

% OF TIME RATES HAVE BEEN ABOVE OR BELOW CURRENT LEVEL (IN BASIS POINTS)



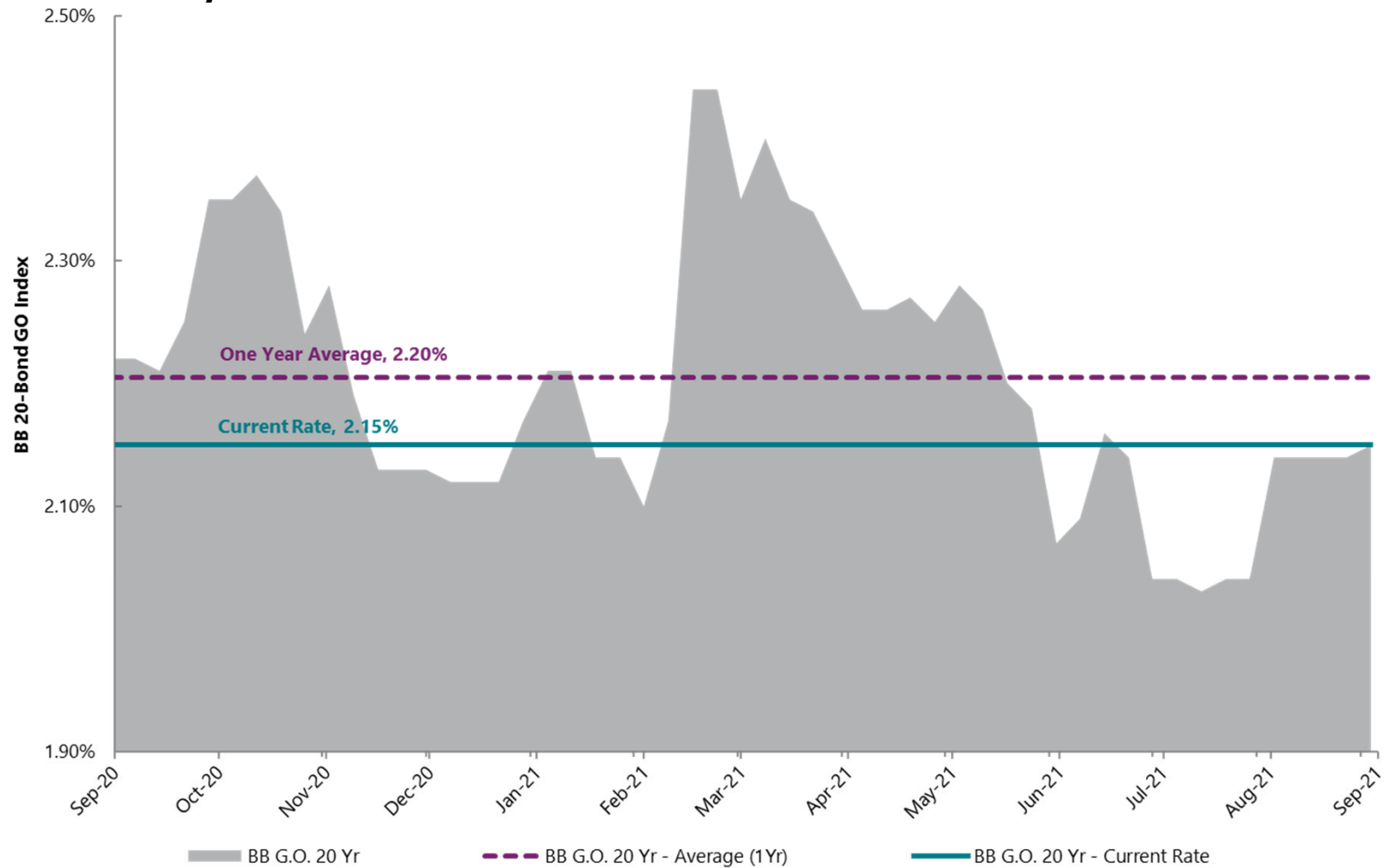
What is the Bond Buyer 20-Bond Index?

General Obligation Bonds maturing in 20 years are used in compiling these indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer as of September 9, 2021.

Bond Buyer 20-Bond Index

One-Year Snapshot



What is the Bond Buyer 20-Bond Index?

General Obligation Bonds maturing in 20 years are used in compiling these indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer as of September 9, 2021.

Summary of Assumptions

➤ **Dated/Delivery Date for the Refunding Bonds:**

- November 1, 2021 / November 9, 2021

➤ **Principal and Interest Dates for the Refunding Bonds:**

- Principal: October 1
- Interest: April 1 and October 1

➤ **Municipal Bond Rating and Insurance:**

- This analysis assumes that the refunding bonds will maintain the District's 'A2' underlying credit rating.
- This analysis assumes that municipal bond insurance will be available for purchase at 60 basis points of total debt service.

➤ **Interest Rate:**

- The interest rate scale used in the analysis is reflective of interest rates on similar issues pricing in the market as of September 16, 2021.

➤ **Refunding Candidates:**

- The analysis assumes the following bonds will be refunded:

Refunding Candidates					
Series	Maturities to be Refunded	Refunded Par Amount	Call Date	Call Price	Average Coupon
U/L Tax Ref Bds Ser 2011	2023 to 2024	\$ 820,000	10/19/2021	100.000	4.000%
U/L Tax Ref Bds Ser 2013	2023 to 2029	2,930,000	10/19/2021	100.000	4.000%
Total		\$ 3,750,000			4.000%

Refunding Analysis

- Based on current market conditions, the District can refund a portion of the following bonds to produce debt service savings:
- Unlimited Tax Refunding Bonds, Series 2011
 - Unlimited Tax Refunding Bonds, Series 2013

Summary of Potential Refunding Results		
	8/17/2021	9/21/2021
Refunding Par	\$ 3,645,000	\$ 3,720,000
Refunded Par	\$ 3,750,000	\$ 3,750,000
Escrow Yield	0.000%	0.000%
All in TIC	2.203%	2.154%
Arbitrage Yield	0.941%	0.862%
Net Debt Service Savings	\$ 305,465	\$ 306,576
Average Annual Savings	\$ 33,941	\$ 38,322
PV Savings (1)	\$ 280,750	\$ 285,305
PV Savings as a % of Refunded Par	7.487%	7.608%

(1) Present Value is discounted using All-in-TIC



Summary of Proposed Refunded Bonds

U/L Tax Ref Bds Ser 2011				
Maturity	Coupon	Refunded Par	Call Date	Call Price
10/1/2023	4.000%	\$ 400,000	10/19/2021	100.000
10/1/2024	4.000%	420,000	10/19/2021	100.000
Total		\$ 820,000		

U/L Tax Ref Bds Ser 2013				
Maturity	Coupon	Refunded Par	Call Date	Call Price
10/1/2023	4.000%	\$ 380,000	10/19/2021	100.000
10/1/2024	4.000%	400,000	10/19/2021	100.000
10/1/2025	4.000%	415,000	10/19/2021	100.000
10/1/2026	4.000%	440,000	10/19/2021	100.000
10/1/2027	4.000%	460,000	10/19/2021	100.000
10/1/2028	4.000%	485,000	10/19/2021	100.000
10/1/2029	4.000%	350,000	10/19/2021	100.000
Total		\$ 2,930,000		

Proposed Bond Pricing



Potential Bond Pricing					
Maturity Date	Amount	Rate	Yield	Price	
10/1/2022	\$ 20,000	3.000%	0.280%	102.427	
10/1/2023	795,000	3.000%	0.350%	104.999	
10/1/2024	825,000	3.000%	0.500%	107.174	
10/1/2025	410,000	3.000%	0.700%	108.820	
10/1/2026	435,000	3.000%	0.850%	110.285	
10/1/2027	450,000	2.000%	1.000%	105.709	
10/1/2028	465,000	2.000%	1.150%	104.830	
10/1/2029	320,000	2.000%	1.300%	103.959	
Total	\$ 3,720,000				

Proposed Debt Service Savings Summary

Potential Refunding Effects						
Date	Outstanding Debt Service	Less: Refunded Debt Service	Plus: New Principal	Plus: New Interest	Total Debt Service	Savings
10/31/2022	\$ 1,933,337	\$ 150,000	\$ 20,000	\$ 90,979	\$ 1,894,316	\$ 41,226
10/31/2023	2,099,760	930,000	795,000	98,650	2,063,410	36,350
10/31/2024	2,108,928	938,800	825,000	74,800	2,069,928	39,000
10/31/2025	2,111,625	501,000	410,000	50,050	2,070,675	40,950
10/31/2026	2,116,428	509,400	435,000	37,750	2,079,778	36,650
10/31/2027	2,117,996	511,800	450,000	24,700	2,080,896	37,100
10/31/2028	2,122,666	518,400	465,000	15,700	2,084,966	37,700
10/31/2029	2,125,238	364,000	320,000	6,400	2,087,638	37,600
10/31/2030	2,131,952	-	-	-	2,131,952	-
10/31/2031	814,244	-	-	-	814,244	-
10/31/2032	822,444	-	-	-	822,444	-
10/31/2033	824,163	-	-	-	824,163	-
10/31/2034	830,256	-	-	-	830,256	-
10/31/2035	829,781	-	-	-	829,781	-
10/31/2036	832,844	-	-	-	832,844	-
10/31/2037	835,063	-	-	-	835,063	-
10/31/2038	835,563	-	-	-	835,563	-
10/31/2039	840,188	-	-	-	840,188	-
10/31/2040	842,819	-	-	-	842,819	-
10/31/2041	839,363	-	-	-	839,363	-
Total	\$ 28,014,653	\$ 4,423,400	\$ 3,720,000	\$ 399,029	\$ 27,710,282	\$ 306,576

Sources and Uses

Sources		
Bond Proceeds:		
Par Amount	\$	3,720,000.00
Accrued Interest	\$	2,205.56
Premium	\$	241,133.50
Total	\$	3,963,339.06

Uses		
Refunding Escrow Deposits:		
Cash Deposit	\$	3,765,833.34
Delivery Date Expenses:		
Cost of Issuance	\$	110,590.00
Underwriter's Discount	\$	55,800.00
Bond Insurance	\$	24,714.18
Other Fund Deposits:		
Accrued Interest	\$	2,205.56
Other Uses of Funds:		
Additional Proceeds	\$	4,195.98
Total	\$	3,963,339.06

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2021

This Preliminary Official Statement is subject to completion and amendment. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter.

Delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein and will not be included in the alternative minimum taxable income of the owners thereof.

THE DISTRICT WILL DESIGNATE THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.

NEW ISSUE – Book-Entry-Only

Moody's Investors Service, Inc. (Underlying)..... "___"

\$3,675,000*

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

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

UNLIMITED TAX REFUNDING BONDS

SERIES 2021

Dated: November 1, 2021

Due: October 1, as shown on inside cover

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N.A., currently in Dallas, Texas, or any successor paying agent/registrars (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from November 1, 2021, and is payable on April 1, 2022 (five-month interest payment), and on each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Bonds are subject to redemption as described herein. See "THE BONDS – Redemption Provisions." The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

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

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

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, if any, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING — Use of Proceeds." The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Harris County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, 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 is expected through the facilities of DTC on or about November 9, 2021.

Raymond James

* Preliminary; subject to change.

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

Maturity (October 1)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. _____ (b)	Maturity (October 1)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. _____ (b)
2022	\$10,000				2026	\$ 430,000			
2023	785,000				2027 (c)	445,000			
2024	820,000				2028 (c)	460,000			
2025	410,000				2029 (c)	315,000			

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter (as herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from November 1, 2021, 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. None of the District, Financial Advisor, or Underwriter shall be responsible for the selection or the correctness of the CUSIP numbers.
- (c) Bonds maturing on October 1, 2027, 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 October 1, 2026, or on any date thereafter, at a price of par plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

* Preliminary; subject to change.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission ("SEC"), as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the Issuer as of its date except for the omission of no more than information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter (hereinafter defined) 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 Underwriter.

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 an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District upon payment of the costs for duplication thereof.

The following statement is provided by the Underwriter: In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such website and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12.

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

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

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..1	Property Subject to Taxation by the District25
SALE AND DISTRIBUTION OF THE BONDS3	General Residential Homestead Exemptions.....27
Underwriting.....3	Agricultural, Open Space, Timberland and
Prices and Marketability3	Inventory Deferment.....27
Securities Laws.....3	Tax Abatement27
MUNICIPAL BOND INSURANCE.....3	Delinquent Tax Payments for Disaster
RATING3	Areas27
OFFICIAL STATEMENT SUMMARY5	Valuation of Property for Taxation28
SELECTED FINANCIAL INFORMATION9	District and Taxpayer Remedies28
INTRODUCTION10	Rollback of Operation and Maintenance Tax
THE BONDS.....10	Rate.....28
General10	Levy and Collection of Taxes.....29
Source of Payment.....11	District’s Rights in the Event of Tax
Authority for Issuance11	Delinquencies.....30
Issuance of Additional Debt.....11	TAX DATA31
Paying Agent/Registrar12	General.....31
Remedies in Event of Default.....13	Tax Rate Limitation31
Registration, Transfer and Exchange13	Additional Penalties31
Replacement of Bonds13	Historical Values and Tax Collection History.....31
Redemption Provisions14	Analysis of Tax Base.....32
No Arbitrage14	Principal Taxpayers32
Defeasance14	Estimated Overlapping Taxes.....32
Legal Investment and Eligibility to Secure	Tax Rate Calculations33
Public Funds in Texas.....15	THE SYSTEM.....33
Tax Covenants.....15	Regulation.....33
Additional Covenants15	Water33
Approval of the Bonds.....16	Subsidence and Conversion to Surface
Book-Entry-Only System16	Water Supply.....33
PLAN OF FINANCING18	Source of Wastewater Treatment.....34
Use of Proceeds18	Waste Disposal Contract.....34
The Refunded Bonds.....18	Drainage35
Remaining Outstanding Bonds.....18	Historical Operations of the System35
Defeasance of the Refunded Bonds.....18	INVESTMENT CONSIDERATIONS36
Sources and Uses of Funds.....19	General.....36
THE DISTRICT.....20	Factors Affecting Taxable Values and Tax
Authority20	Payments36
Description.....20	Tax Collection Limitations36
Strategic Partnership Agreement20	Registered Owners’ Remedies and
Management of the District21	Bankruptcy Limitations.....37
Consultants21	Future Debt.....38
Special Consultants Related to Issuance of	Changes in Tax Legislation.....38
the Bonds21	Texas Legislative Session.....38
Status of Development.....22	Marketability38
DISTRICT DEBT23	Environmental Regulations.....38
Bonded Indebtedness.....23	Infectious Disease Outlook – COVID-1941
Estimated Direct and Overlapping Debt	Potential Effects of Oil Price Fluctuation on
Statement.....23	the Houston Area.....42
Debt Ratios.....24	Potential Impact of Natural Disaster42
Debt Service Requirement Schedule24	Continuing Compliance with Certain
TAXING PROCEDURES25	Covenants43
District Ability to Levy Taxes25	Bond Insurance43
Property Tax Code and County-Wide	LEGAL MATTERS44
Appraisal District25	Legal Proceedings44

No-Litigation Certificate.....	44	Availability of Information from MSRB.....	48
No Material Adverse Change.....	44	Limitations and Amendments	48
TAX MATTERS	44	Compliance with Prior Undertakings.....	48
Tax Exemption.....	44	GENERAL CONSIDERATIONS.....	48
Tax Accounting Treatment of Discount and		Updating of Official Statement	48
Premium on Certain Bonds.....	45	Certification as to Official Statement.....	49
Qualified Tax-Exempt Obligations.....	46	Official Statement “Deemed Final”	49
VERIFICATION OF MATHEMATICAL		CONCLUDING STATEMENT	49
CALCULATIONS.....	46	APPENDIX A Financial Statements of the District	
CONTINUING DISCLOSURE OF INFORMATION.....	47		
Annual Reports.....	47		
Event Notices	47		

[Remainder of Page Intentionally Left Blank]

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

Raymond James & Associates, Inc. (the "Underwriter") has agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for \$_____ (representing the par amount of the Bonds, [plus a net premium/less an original discount] of \$_____, and less and underwriter's discount of \$_____) plus accrued interest from November 1, 2021, to the date of delivery. The obligation of the Underwriter to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than public offering price stated on the inside cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the inside cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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 prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

The District has made applications for a commitment to provide municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the District.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a credit rating of "___" to the Bonds. An explanation of the significance of the foregoing ratings may only be obtained from Moody's. The foregoing ratings express only the view of Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time

or that they will not be revised downward or withdrawn entirely by Moody's, if, in any of their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings 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 rating of Moody's.

[Remainder of Page Intentionally Left Blank]

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

- The Issuer Harris County Municipal Utility District No. 109 (the “District”) is a political subdivision of the State of Texas located within Harris County, Texas. See “THE DISTRICT.”
- Description..... \$3,675,000* Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”), are dated November 1, 2021, and mature on October 1 of each of the years and in the principal amounts indicated on the inside cover page hereof. Interest on the Bonds accrues from November 1, 2021, at the rates set forth on the inside cover hereof, and is payable on April 1, 2022 (five-month interest payment), and on each October 1 and April 1 thereafter until maturity or prior redemption. The Bonds scheduled to mature on and after October 1, 2027, are subject to redemption, in whole or in part, prior to their scheduled maturities, on October 1, 2026, or on any date thereafter at the option of the District. The Bonds will be issued pursuant to a bond order adopted by the Board of Directors of the District and a pricing certificate executed by the authorized representative designated in the bond order (the bond order and pricing certificate are collectively referred to herein as the “Bond Order”) in fully registered form only, in denominations of \$5,000 or any integral multiple thereof. See “THE BONDS.”
- Book-Entry-Only System..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS - Book-Entry-Only System.”
- Source of Payment The Bonds are payable from a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any political subdivision other than the District . See “THE BONDS - Source of Payment.”
- Payment Record..... The District has previously issued ten series of waterworks and sewer system combination unlimited tax and revenue bonds, four series of unlimited tax bonds and four series of unlimited tax refunding bonds, of which an aggregate of \$21,705,000 principal amount will remain outstanding as of November 1, 2021 (the

* Preliminary; subject to change.

“Outstanding Bonds”). The District has never defaulted in the payment of principal of and interest on its bonded indebtedness.

- Use of Proceeds Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, if any, will be applied to refund \$820,000* of the District’s Unlimited Tax Refunding Bonds, Series 2011 (the “Series 2011 Bonds”) and \$2,930,000* of the District’s Unlimited Tax Refunding Bonds, Series 2013 (the “Series 2013 Bonds”) (collectively, the “Refunded Bonds”). The proceeds will also be used to pay certain costs of issuing the Bonds. The Bonds are being issued to reduce the District’s debt service payments, and will result in present value savings in such debt service payments. Following the issuance of the Bonds, \$17,955,000 principal amount of the Outstanding Bonds will remain outstanding (the “remaining Outstanding Bonds”). See “PLAN OF FINANCING” and “DISTRICT DEBT - Debt Service Requirement Schedule.”
- Qualified Tax-Exempt Obligations The Bonds will be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax- Exempt Obligations.”
- Municipal Bond Insurance and Rating Applications have been made for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies, other than Moody’s, will be at the option and expense of the District. Moody’s has assigned an underlying rating of “___” to the Bonds. See “MUNICIPAL BOND INSURANCE” and “RATING.”
- Legal Opinion Norton Rose Fulbright US LLP, Houston, Texas.
- Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.
- Underwriter’s Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.
- Verification Agent Robert Thomas CPA, LLC, Minneapolis, Minnesota. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”
- Paying Agent The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

THE DISTRICT

- Description The District was organized as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution, by order of the Texas Water Rights Commission (predecessor of the Texas Water Commission on Environmental Quality (the “TCEQ”)) and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is located within Harris County, approximately 25 miles northeast of the central business district of the City of Houston. The District is accessible via U.S. Highway 59 and Farm-to-Market Road 1960 and is located within the exclusive extraterritorial jurisdiction of the City of Houston. The District comprises approximately 1,312 acres and is located within the approximate 5,000 acre development of Atascocita, a major land development project located near Lake Houston. The District has

* Preliminary; subject to change.

petitioned the City of Houston for the annexation of a 1.1959-acre tract. See "THE DISTRICT – Description."

Authority..... The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Status of Development..... Development within the District began in 1974. Approximately 918 acres (3,080 lots) have been developed as the single-family residential subdivisions of Oaks of Atascocita, Sections 1-5; Atascocita North, Sections 1-3; Atascocita West, Sections 1 and 2; Belleau Wood East; Kingwood Glen, Sections 3-6; Kings Lake Estates, Sections 1, 2, 4, 5, 7 and 8; Rivergrove Sections 1-6; and Atascocita Meadows. As of August 17, 2021, there were approximately 3,025 completed homes, approximately 25 homes under construction, and approximately 30 vacant developed lots. Commercial development within the District has taken place on approximately 54 acres, which consists of various retail establishments, automobile service centers, restaurants, child care facilities and a 10,000 square foot office building. An elementary school is located on 10 acres within the District. A church has been constructed on approximately 8 acres. There are also 40 undeveloped acres for commercial reserves. The balance of the District consists of approximately 217 undeveloped but developable acres and approximately 65 undevelopable acres. See "THE DISTRICT - Status of Development".

INFECTIOUS DISEASE OUTLOOK – COVID-19

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

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within Texas. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) began to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>.

Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19, or increased numbers resulting in the County becoming an “area with high hospitalizations.” The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the District cannot predict the long-term economic effect of COVID-19 or a similar virus on its operations, financial condition, or rating should there be a reversal of economic activity and re-imposition of restrictions. See “MUNICIPAL BOND INSURANCE” and “RATING.”

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Taxable Assessed Valuation.....	\$ 708,611,922 (a)
Direct Debt:	
The Remaining Outstanding Bonds.....	\$ 17,955,000*
The Bonds	<u>\$ 3,675,000*</u>
Total.....	\$ 21,630,000*
Estimated Overlapping Debt.....	<u>\$ 33,319,622 (b)</u>
Total Direct and Estimated Overlapping Debt	\$ 54,949,622 (b)
Direct Debt Ratio	
As a percentage of 2021 Taxable Assessed Valuation.....	3.05 %
Direct and Estimated Overlapping Debt Ratio:	
As a percentage of 2021 Taxable Assessed Valuation.....	7.75 %
Debt Service Fund Balance (as of September 21, 2021).....	\$ _____ (c)
Operating Fund Balance (as of September 21, 2021)	\$ _____
Capital Projects Fund Balance (as of September 21, 2021)	\$ _____
2020 Tax Rate	
Debt Service	\$0.315 (d)
Maintenance & Operation	<u>\$0.165</u>
Total.....	\$0.480
Estimated Average Annual Debt Service Requirement (2022–2041).....	\$ 1,384,803* (e)
Estimated Maximum Annual Debt Service Requirement (2030)	\$ 2,131,952* (e)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement (2022–2041) at 95% Tax Collections Based on 2021 Taxable Assessed Valuation.....	\$0.21*
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement (2030) at 95% Tax Collections Based on 2021 Taxable Assessed Valuation.....	\$0.32*

(a) As of January 1, 2021. As certified by the Harris County Appraisal District (the "Appraisal District"). This value includes \$109,189,574 of uncertified value, which represents the owner's opinion of value under review and is the estimated minimum amount of value that will be ultimately certified by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

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

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

(d) The District has authorized the publication of the intended total tax rate of \$0.475 per \$100 of assessed valuation for the 2021 tax year. Such rate is expected to be composed of a maintenance and operations tax rate of \$0.18 per \$100 of assessed valuation and a debt service tax rate of \$0.295 per \$100 of assessed valuation. See "TAX DATA – General."

(e) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

* Preliminary; subject to change.

\$3,675,000*

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

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

UNLIMITED TAX REFUNDING BONDS

SERIES 2021

INTRODUCTION

This Official Statement of Harris County Municipal Utility District No. 109 (the "District") is provided to furnish information with respect to the issuance by the District of its \$3,675,000* Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds"). The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution; (ii) the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended and Chapter 1207 of the Texas Government Code, as amended, (iii) an election held within the District, (iv) a bond order adopted by the Board of Directors of the District (the "Board") and a pricing certificate executed by the authorized representative designated in the bond order (the bond order and pricing certificate are collectively referred to herein as the "Bond Order"), and (v) Ordinance No. 97-416 of the City of Houston.

There follow in this Official Statement descriptions of the Bonds, the Bond Order 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 Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas, 77010, upon payment of the costs of duplication therefor. 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 Bonds will be dated and accrue interest at the rates shown on the inside cover hereof from November 1, 2021, with interest payable on April 1, 2022, and on each October 1 and April 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds mature on October 1 of each of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page hereof. The Bonds will be issued only in fully registered form, without coupons, in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., as registered owner. DTC 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." The initial paying agent for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar" or "Paying Agent").

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check on or before each Interest Payment Date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each Interest Payment Date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

* Preliminary; subject to change.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Order, without additional interest and with the same force and effect as if made on the specified date for such payment.

Source of Payment

The Bonds are payable as to principal and interest from the proceeds of a continuing, direct annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District.

Tax Pledge: The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy a continuing, direct annual ad valorem tax, and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, with full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide for the payment of principal when due or the redemption price at any earlier required redemption date, and to pay the expenses of assessing and collecting such a tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in the debt service fund for the Bonds. This fund may be used solely to pay the principal of and interest on the Bonds and the Outstanding Bonds.

Annexation by the City of Houston: Under existing Texas law, since the District lies within the extraterritorial jurisdiction of the City of Houston, the District may be annexed by the City of Houston without the District's consent. The District may be annexed and dissolved by the City only if (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% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Upon annexation, the City would assume the District's assets and obligations, including the Bonds, and dissolve the District. The District has no control or knowledge of the annexation plans of the City; therefore, no prediction can be made regarding the likelihood or timing of any annexation or the ability of the City to make debt service payments should annexation occur. Under the terms of the SPA (as herein defined) between the District and the City of Houston, however, the City has agreed not to annex the District for full purposes (a traditional municipal annexation) for at least thirty (30) years from the date of the execution of the SPA (as herein defined). See "THE DISTRICT—Strategic Partnership Agreement" below.

Consolidation: A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

Authority for Issuance

The Bonds constitute the fifth installment of refunding bonds payable in whole or in part from taxes which were authorized at various elections held within the District..

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended and Chapter 1207 of the Texas Government Code, as amended; an election held within the District; the Bond Order; and Ordinance No. 97-416 of the City of Houston.

Issuance of Additional Debt

The District may issue additional bonds to provide and maintain improvements and facilities for which the District was created, with approval of the TCEQ and, in the case of bonds payable from taxes, the District's voters. Following the issuance of the Bonds, \$12,950,000 principal amount of unlimited tax bonds authorized by the District's voters and \$31,671,200* principal amount of unlimited tax refunding bonds will remain unissued. Additional unlimited tax bonds may be voted in the future. The Board is further empowered to

* Preliminary, subject to change.

borrow money for any lawful purpose and to issue bond anticipation notes, tax anticipation notes, and revenue bonds and notes.

The Bond Order imposes no limitation on the amount of additional bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ). Any additional bonds issued by the District may be on a parity with the Bonds.

Issues of additional unlimited tax bonds or unlimited tax and revenue bonds will be required to provide water, sanitary sewer and drainage facilities and services to the remaining undeveloped land within the District's boundaries.

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for fire-fighting activities, the following actions would be required: (i) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (ii) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (iii) approval of the master plan and bonds by the TCEQ; and (iv) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. The District has no information concerning any determination by the City concerning modifications of its ordinance.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park projects and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to three percent of the value of the taxable property in the District, provided, however, the District's outstanding principal of park bonds may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District if the District has (i) a ratio of debt to certified assessed valuation of 10 percent or less; (ii) a credit rating that conforms to TCEQ rules; (iii) a credit enhanced rating on the District's proposed park bonds, or (iv) under certain circumstances where the District contracts with an entity for the development or acquisition of parks and recreational facilities. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District expressly reserves the right to issue in one or more installments of the following: (1) bonds payable solely from net revenues of the District's water and wastewater system (the "System") for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, and such bonds may be payable from and equally secured by a lien on and pledge of said net revenues on a parity with the pledge on any previously issued bonds secured by net revenues to the extent net revenues are used to pay the principal of and interest on such bonds; (2) inferior lien bonds and to pledge the net revenues of the System to the payment thereof, such pledge to be subordinate in all respects to the lien of previously issued revenue bonds and any previously issued or subsequently issued bonds which are on a parity with such bonds; (3) special project bonds for the purchase, construction, improvement, extension, replacement, enlargement or repair of water, sewer and/or drainage facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions or other entities, such special project bonds to be payable from and secured by the proceeds of such contract or contracts; and (4) any other evidence of indebtedness authorized by law.

Issuance of additional bonds of other subsequently authorized bonds could affect the investment quality or security of the Bonds. See "INVESTMENT CONSIDERATIONS – Future Debt."

Paying Agent/Registrar

The Board has selected The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the initial Paying Agent and Registrar for the Bonds. The initial designated payment office for the Bonds is located in Dallas, Texas. The District reserves the right in the Bond Order to remove the Paying Agent/Registrar without cause. Every successor Paying Agent/Registrar must at all times be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000, subject to supervision or examination by federal or state authority, registered as a transfer agent with the Securities and

Exchange Commission. Upon any change in the Paying Agent/Registrar, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner affected by the change, which notice shall also give the address of the new Paying Agent/Registrar, which shall be the designated Place of Payment.

Remedies in Event of Default

The Bond Order provides that if the District shall default in the payment of the principal of or interest on the Bonds when due or in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any Bondholder shall, in addition to all other rights and remedies of such owner of Bonds, be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board and other officers of the District to make such payment or to observe and perform such covenant, obligation, or condition.

The Bond Order provides no additional remedies to a Bond owner. Specifically, the Bond Order does not provide for an appointment of a trustee to protect and enforce the interests of the Bond owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus is a remedy, which may have to be enforced from year to year by the Bond owners.

No statutes waive the District's sovereign immunity from suit for money damages. Under Texas law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. If such suit were allowed and a judgment obtained, the Bond owners could not foreclose on property within the District or sell property within the District in order to pay principal of or interest on the Bonds or otherwise satisfy such judgment. In addition, the enforceability of the rights and remedies of the Bond owners may be limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions.

Registration, Transfer and Exchange

The District shall cause to be kept at the Place of Payment a register (herein referred to as the "Security Register") in which the Paying Agent/Registrar shall provide for the registration of the Bonds and registration of transfers of the Bonds. Upon surrender for transfer of any Bond at the Place of Payment, the District will execute, and the Paying Agent/Registrar will register and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denominations, and of a like aggregate principal amount.

At the option of the Registered Owner, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Place of Payment. Whenever any Bonds are so surrendered for exchange, the District will execute, and the Paying Agent/Registrar will register and deliver, the Bonds which the Registered Owner of Bonds making the exchange is entitled to receive.

Every Bond presented or surrendered for transfer or exchange must be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed, by the Registered Owner thereof or his attorney duly authorized in writing.

No service charge may be made to the Registered Owner for any registration, transfer, or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the District nor the Paying Agent/Registrar is required (1) to transfer or exchange any Bond during a period beginning 15 days prior to a Redemption Date hereunder and ending at the close of business on the day of mailing of a notice of redemption or (2) thereafter to transfer or exchange in whole or in part any Bond so selected for redemption.

Replacement of Bonds

If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost, or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership and (ii) the furnishing to the Paying

Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Redemption Provisions

The Bonds maturing on and after October 1, 2027, are subject to redemption, at the option of the District, prior to maturity, in whole or from time to time in part, on October 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If fewer than all of the Bonds are optionally 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 fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall select by lot or other customary method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

The registered owner of any Bond, all or a portion of which has been called for redemption, will be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and for issuance of an exchange Bond in a principal amount equal to the portion of such Bond not so redeemed.

Notice of redemption will be mailed by the Paying Agent/Registrar in the name and at the expense of the District, not less than 30 days prior to the redemption date, to each Registered Owner of Bonds to be redeemed. All notices of redemption will state: (1) the redemption date; (2) the redemption price; (3) the principal amount and identification (by Bond and CUSIP number (if obtained for the Bonds), stated maturity, interest rate, Dated Date, and, in the case of partial redemption within a stated maturity, the respective principal amounts) of Bonds to be redeemed; (4) that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after said date; and (5) that the Bonds to be redeemed are to be surrendered for payment of the redemption price at the place of payment, and the address of such place of payment, and the notice of redemption must state if redemption is conditioned on issuance of refunding bonds or other obligations to pay the redemption price.

No Arbitrage

The District will certify, as of the date of the Bonds are delivered and sold for, that based upon all facts or estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of the proceeds of the Bonds, and take such other and further actions and follow such procedures as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Defeasance

Any Bond shall be deemed to be paid and shall no longer be considered to be a Bond within the meaning of the Bond Order when payment of the principal of and interest on such Bond to the Stated Maturity thereof or (if notice of redemption shall have been duly given, irrevocably provided for, or waived as provided in the Bond Order) to the Redemption Date shall have been made or shall have been provided for by deposit with the Paying Agent for such payment (or with any other bank or trust company which has agreed to hold the same for such purpose) (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent verification firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to make such payment, provided that all the expenses

pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company).

If such deposit is made for some but not all of the Bonds then Outstanding, the District shall designate the Stated Maturities of Bonds for which such deposit is made. If such deposit shall be sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent/Registrar shall deem fair and appropriate and which may provide for the selection of portions (equal to \$5,000 or any integral multiple thereof) of the principal amount of Bonds of a denomination larger than \$5,000.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code, as amended, 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.

Tax Covenants

In the Bond Order, the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States of arbitrage profits from the investment of proceeds, and the reporting of certain information to the United States Treasury.

The District may omit to comply with any of such covenants if it has received a written opinion of a nationally recognized bond counsel to the effect that failure to comply with such covenants will not adversely affect the excludability of interest on any Bond from the gross income of the owners thereof for federal income tax purposes.

Additional Covenants

In the Bond Order, the District has covenanted that it will (1) maintain insurance on its facilities of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled, (2) keep accurate records and accounts and employ an independent certified public accountant to audit its financial statements at the close of each fiscal year, such audit to be in accordance with applicable law, rules and regulations, and open to inspection in the office of the District, currently, 1301 McKinney, Suite 5100, Houston, Texas 77010, during normal office hours, (3) maintain its facilities in good condition and repair, ordinary wear and tear and

obsolescence excepted, and operate its facilities in an efficient manner and at a reasonable cost and (4) secure its funds in the manner and to the fullest extent required by law for the security of District funds.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does the Attorney General pass upon the adequacy or accuracy of the information contained in this Official Statement.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, 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.

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 rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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 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.

[Remainder of Page Intentionally Left Blank]

PLAN OF FINANCING

Use of Proceeds

Proceeds from the sale of the Bonds, together with other lawfully available District funds, if any, will be applied to refund \$820,000* of the District's Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Bonds") and \$2,930,000* of the District's Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Bonds") (collectively, the "Refunded Bonds"). The proceeds will also be used to pay costs of issuing the Bonds. The Bonds are being issued to reduce the District's debt service payments, and will result in present value savings in such debt service payments. See "DISTRICT DEBT – Debt Service Requirement Schedule."

The Refunded Bonds

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

Series 2011 Bonds		Series 2013 Bonds	
Principal Amount*	Maturity Date	Principal Amount*	Maturity Date
\$400,000	10/01/2023	\$380,000	10/01/2023
420,000	10/01/2024	400,000	10/01/2024
\$820,000		415,000	10/01/2025
		440,000	10/01/2026
		460,000	10/01/2027
		485,000	10/01/2028
		350,000	10/01/2029
		\$2,930,000	
Redemption Date: November 9, 2021		Redemption Date: November 9, 2021	

Aggregate Principal Amount of the Refunded Bonds: \$3,750,000*

* Preliminary; subject to change.

Remaining Outstanding Bonds

The District has previously issued seventeen series of bonds. Excluding the Refunded Bonds, \$17,955,000* principal amount of such previously issued series of bonds will remain outstanding (the "Remaining Outstanding Bonds"). The following table lists the principal amounts of the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Currently Outstanding	Less: Refunded Bonds*	Remaining Outstanding Bonds*
2011	\$ 5,640,000	\$ 1,445,000	\$ 820,000	\$ 625,000
2013	3,745,000	3,045,000	2,930,000	115,000
2015	5,920,000	5,495,000	-	5,495,000
2017	12,100,000	11,720,000	-	11,720,000
Total	\$27,405,000	\$21,705,000	\$3,750,000	\$17,955,000

* Preliminary; subject to change.

Defeasance of the Refunded Bonds

The Refunded Bonds and the interest due thereon, are to be paid on the redemption date from funds to be deposited with the Paying Agent for the Refunded Bonds. The Bond Order provides that from the proceeds of the sale of the Bonds and other lawfully available funds of the District, if any, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Robert Thomas, CPA, LLC, will

verify to the District, the Paying Agent for the Refunded Bonds, Bond Counsel, and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior orders of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited in the Payment Account, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds and other lawfully available funds of the District, if any, will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds.....	_____
Net Premium/Discount	_____
Accrued Interest on Bonds.....	_____
Total Sources of Funds.....	_____

USES OF FUNDS:

Deposit for Payment of Refunded Bonds	_____
Deposit of Accrued Interest to Debt Service Fund.....	_____
Insurance Premium	_____
Issuance Expenses and Underwriter's Discount	_____
Total Uses of Funds.....	_____

[Remainder of Page Intentionally Left Blank]

THE DISTRICT

Authority

The District is a limited purpose political subdivision created by the Texas Water Rights Commission (predecessor to the TCEQ), by its order dated July 16, 1974, pursuant to Article XVI, Section 59, Texas Constitution and Chapters 49 and 54, Texas Water Code. The creation of the District was confirmed at an election held within the District for that purpose on September 28, 1974. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may provide solid waste disposal and collection.

The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval of the TCEQ and voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, and construct certain roads.

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Houston that limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's water, wastewater and drainage system is subject to the regulatory jurisdiction of additional governmental agencies.

Description

The District contained approximately 334 acres at creation; subsequent annexations have resulted in its present area of approximately 1,312 acres.

The District is located within Harris County, approximately 25 miles northeast of the central business district of the City of Houston. The District is accessible via U.S. Highway 59 and Farm-to-Market Road 1960 and is located within the exclusive extraterritorial jurisdiction of the City of Houston. The District is located within the approximate 5,000 acre development of Atascocita, a major land development project located near Lake Houston. The District has petitioned the City of Houston for the annexation of a 1.1959-acre tract. The District is located entirely within the Humble Independent School District.

Land within the District is flat and heavily wooded. According to the District's Engineer, approximately 117 acres within the District lie in the 100-year flood plain.

Strategic Partnership Agreement

The District and the City of Houston (the "City") have entered into a Strategic Partnership Agreement (the "SPA") pursuant to Chapter 43 of the Texas Local Government Code effective on March 31, 2005. The SPA provides for a "limited purpose annexation" for that portion of the District which is developed for retail and commercial purposes. Areas of residential development within the District are not subject to the limited purpose annexation. The SPA also provides that the City will not annex the District for "full purposes" for at least thirty (30) years from the effective date of the agreement.

Since the effective date of the SPA, the City was authorized to impose the one percent (1%) City sales and use tax within the portion of the District included in the limited purpose annexation. Such portion includes primarily the 78.3 acres of commercial development within the District. The City pays to the District an amount equal to one half (1/2) of all sales and use tax revenue generated within such area of the District and received by the City from the Comptroller of Public Accounts of the State of Texas (the "Sales Tax Revenue"). Pursuant to State law, the District is authorized to use Sales Tax Revenue generated under the SPA for any lawful purpose. None of the anticipated Sales Tax Revenue is pledged toward the payment of principal and interest on the Bonds. See "THE SYSTEM – Historical Operations of the System."

Management of the District

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Owen H. Parker	President	May 2024
Chris Green	Vice President	May 2024
Cheryl Moore	Secretary	May 2022
Robin Sulpizio	Assistant Secretary	May 2022
Nancy Frank	Assistant Secretary	May 2022

Consultants

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

Tax Assessor/Collector – The District has contracted with Tim Spencer of Ad Valorem Appraisals, Inc., as the District’s Tax Assessor/Collector. The Tax Assessor/Collector applies the District’s tax levy to tax rolls prepared by the Harris County Appraisal District and bill and collects such levy.

Utility System Operator – WWWMS, Inc. has been engaged by the District to operate the District’s water supply and distribution and wastewater collection facilities.

Bookkeeper – The District has contracted with Municipal Accounts & Consulting L.P., for bookkeeping services.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. The District’s audited financial statements for the fiscal year ended May 31, 2020 were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See “APPENDIX A” for a copy of the District’s May 31, 2020 financial statements.

Engineer – The District has employed the firm of BGE, Inc. (the “Engineer”) in connection with the overall planning activities and design of the System.

Attorney – The District has engaged Norton Rose Fulbright US LLP, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

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

Special Consultants Related to Issuance of the Bonds

Verification Agent: At the time of delivery of the Bonds, Robert Thomas CPA, LLC will verify to the District, Bond Counsel, and the Underwriter certain matters related to the issuance of the Bonds and the refunding of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

Status of Development

Development within the District began in 1974. Approximately 918 acres (3,080 lots) have been developed as the single-family residential subdivisions of Oaks of Atascocita, Sections 1-5; Atascocita North, Sections 1-3; Atascocita West, Sections 1 and 2; Belleau Wood East; Kingwood Glen, Sections 3-6; Kings Lake Estates, Sections 1, 2, 4, 5, 7 and 8; Rivergrove Sections 1-6; and Atascocita Meadows. As of August 17, 2021, there were approximately 3,025 completed homes, approximately 25 homes under construction, and approximately 30 vacant developed lots. Commercial development within the District has taken place on approximately 54 acres, which consists of various retail establishments, automobile service centers, restaurants, child care facilities and a 10,000 square foot office building. An elementary school is located on 10 acres within the District. A church has been constructed on approximately 8 acres. There are also 40 undeveloped acres for commercial reserves. The balance of the District consists of approximately 217 undeveloped but developable acres and approximately 65 undevelopable acres.

[Remainder of Page Intentionally Left Blank]

DISTRICT DEBT

Bonded Indebtedness

2021 Taxable Assessed Valuation.....	\$	708,611,922	(a)
Direct Debt			
The Remaining Outstanding Bonds.....		\$17,955,000*	
The Bonds		<u>\$3,675,000*</u>	
Total.....		\$21,630,000*	
Estimated Overlapping Debt.....		<u>\$33,319,622</u>	(b)
Total Direct and Estimated Overlapping Debt		\$54,949,622	(b)
Direct Debt as Percentage of 2021 Taxable Assessed Valuation		3.05	%
Direct and Estimated Overlapping Debt as Percentage of 2021 Assessed Valuation.....		7.75	%
Debt Service Fund Balance (as of September 21, 2021).....	\$	_____	(c)
Operating Fund Balance (as of September 21, 2021)	\$	_____	
Capital Projects Fund Balance (as of September 21, 2021)	\$	_____	

- (a) As of January 1, 2021. As certified by the Harris County Appraisal District (the "Appraisal District"). This value includes \$109,189,574 of uncertified value, which represents the owner's opinion of value under review and is the estimated minimum amount of value that will be ultimately certified by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
- (b) See "Estimated Direct and Overlapping Debt Statement" below.
- (c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in its Debt Service Fund.
- * Preliminary; subject to change.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt July 31, 2021	Overlapping	
		Percent	Amount
Harris County	\$1,672,657,125	0.12%	\$ 1,983,768
Harris County Department of Education	20,185,000	0.12%	23,711
Harris County Hospital District	81,540,000	0.12%	98,573
Harris County Flood Control	334,270,000	0.12%	404,332
Port of Houston Authority	492,439,397	0.12%	599,839
Lone Star College System	614,815,000	0.27%	1,632,711
Humble Independent School District	897,120,000	3.19%	<u>28,576,689</u>
Total Estimated Overlapping Debt.....			\$ 33,319,622
The District (a).....			<u>\$ 21,630,000*</u>
Total Direct & Estimated Overlapping Debt (a).....			\$ 54,949,622

* Preliminary; subject to change.

Debt Ratios

	<u>Percent of 2021 Assessed Taxable Value</u>
Direct Debt (a)	3.05%
Direct and Estimated Overlapping Debt (a)	7.75%

(a) Includes the Bonds.

* Preliminary; subject to change.

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District does not have the authority from the voters within the District to assess, levy and collect ad valorem taxes for operation and maintenance purposes.

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, less the debt service requirements on the Refunded Bonds, plus the estimated principal and interest requirements of the Bonds.

Calendar Year	Outstanding Debt Service	Less: Refunded Debt Service*	Plus: The Bonds		Total Debt Service*
			Principal*	Interest*	
2022	\$1,933,337	\$150,000	\$ 10,000	\$102,500	\$1,895,837
2023	2,099,760	930,000	785,000	102,200	2,056,960
2024	2,108,928	938,800	820,000	78,650	2,068,778
2025	2,111,625	501,000	410,000	54,050	2,074,675
2026	2,116,428	509,400	430,000	41,750	2,078,778
2027	2,117,996	511,800	445,000	28,850	2,080,046
2028	2,122,666	518,400	460,000	15,500	2,079,766
2029	2,125,238	364,000	315,000	6,300	2,082,538
2030	2,131,952				2,131,952
2031	814,244				814,244
2032	822,444				822,444
2033	824,163				824,163
2034	830,256				830,256
2035	829,781				829,781
2036	832,844				832,844
2037	835,063				835,063
2038	835,563				835,563
2039	840,188				840,188
2040	842,819				842,819
2041	839,363				839,363
Total	\$28,014,653	\$4,423,400	\$3,675,000	\$429,800	\$27,696,053

* Preliminary; subject to change.

Estimated Average Annual Debt Service Requirement (2022–2041)	\$1,384,803
Estimated Maximum Annual Debt Service Requirement (2030)	\$2,131,952

TAXING PROCEDURES

District Ability to Levy Taxes

The Board is authorized to levy a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy and collect such a tax from year to year as described more fully above under the caption "THE BONDS – Source of Payment." The Board would be authorized to levy and collect annual ad valorem taxes for the administration and maintenance of the District and the System 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 not authorized the levy of such a maintenance tax.

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 wholly within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The Appraisal Review Board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the Appraisal Review Board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property are 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 exclusively 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 or under a disability for purposes of payment of disability insurance under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least 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. For the 2021 tax year, the District granted a \$25,000 exemption for residential homesteads of persons sixty-five (65) years or older or under a disability. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it

proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property but may choose to do so in the future. Currently, the District has no intention of taxing goods-in-transit personal property.

General Residential Homestead Exemptions

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, 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. The District has never granted a general residential homestead exemption.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land.

Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Houston (were it to annex the District), Harris County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatements, which each entity will follow in granting tax abatements to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. The terms of all tax abatement agreements must be substantially the same. Currently the District has taken no action to grant any tax abatement, and it has no information regarding the intent of either Harris County or the City of Houston to designate any part of the area within the District as a reinvestment zone.

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, or the sum of: (i) 10 percent of the appraised value of the property for the preceding tax year; (ii) the appraised value of the property for the preceding tax year; and (iii) the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, 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.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, Texas law provides for an additional notice and, upon petition by qualified voters, an election which could result in the repeal of certain tax rate increases on residential homesteads. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average

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

Developed Districts

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

Developing Districts

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

The District

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

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty

remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only if (i) an error or omission of a representative of the District, including the Appraisal District, caused the failure of the taxpayer to pay taxes, (ii) the delinquent taxes are paid on or before the one-hundred and eightieth (180th) day after the taxpayer received proper notice of such delinquency and the delinquent taxes relate to a property for which the appraisal roll lists one or more certain specified inaccuracies, or (iii) the taxpayer submits evidence sufficient to show that the tax payment was delivered before the delinquency, date to the United States Postal Service or other delivery service, but an act or omission of the postal or delivery service resulted in the tax payment being considered delinquent. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency 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 owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "SELECTED FINANCIAL INFORMATION—Estimated Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance

Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES". The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax, without legal limit as to rate or amount, and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, with full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide for the payment of principal when due or the redemption price at any earlier required redemption date, and to pay the expenses of assessing and collecting such a tax (see "THE BONDS" and "INVESTMENT CONSIDERATIONS").

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.00 per \$100 Assessed Taxable Valuation.

Additional Penalties

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

Historical Values and Tax Collection History

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

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Adjusted Levy</u>	<u>Collections Current Year</u>	<u>Current Year Ended 9/30</u>	<u>Collections 07/31/2021</u>
2016	\$540,136,676	\$0.520	\$2,800,691	98.43%	2017	99.70%
2017	579,121,338	0.500	2,884,722	98.86%	2018	99.62%
2018	593,240,582	0.490	2,893,666	98.66%	2019	99.55%
2019	642,631,304	0.480	3,059,872	98.22%	2020	99.20%
2020	661,480,775	0.480	3,101,490	97.68%	2021	97.68%

Analysis of Tax Base

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

Type of Property	2021 Assessed Valuation (a)	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation
Land	\$115,956,447	\$134,045,282	\$108,609,333	\$ 99,980,268	\$ 97,423,283
Improvements	516,888,631	553,943,055	563,922,034	503,794,226	493,778,171
Personal Property	8,953,283	17,265,009	14,212,412	13,934,391	13,879,261
Exemptions	<u>(42,376,013)</u>	<u>(43,772,571)</u>	<u>(44,861,105)</u>	<u>(24,452,331)</u>	<u>(25,953,649)</u>
Total	\$599,422,348	\$661,480,775	\$641,882,674	\$593,256,554	\$579,127,066

(a) As of January 1, 2021. As certified by the Harris County Appraisal District (the "Appraisal District"). This value does not include \$109,189,574 of uncertified value, which represents the owner's opinion of value under review and is the estimated minimum amount of value that will be ultimately certified by the Appraisal District. See "TAXING PROCEDURES."

Principal Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2021. The information reflects the composition of property ownership reflected on the District's 2021 tax roll.

Taxpayer	Types of Property	2021 Assessed Value
Rice Tree Inc.	Land & Improvements	\$3,191,411
HDP 1960 LLC	Land & Improvements	3,037,730
Peet Hotels Inc.	Land & Improvements	2,602,152
5311 Atas LLC	Land & Improvements	2,568,602
ML3 Properties Houston LLC	Land & Improvements	2,527,829
CenterPoint Energy Houston	Utilities	2,471,870
Homeowner	Land & Improvements	2,326,358
Homeowner	Land & Improvements	1,902,000
Atascocita Car Care Collision Inc.	Land & Improvements	1,859,360
Comcast of Houston LLC	Utilities	<u>1,766,430</u>
Principal Taxpayers Total.....		\$24,253,742
Principal Taxpayers Total as Percentage of District 2021 Taxable Assessed Value		4.05%

Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2020 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. The District levied a 2020 total tax rate of \$0.48 per \$100 of assessed valuation.

<u>Taxing Jurisdiction</u>	<u>2020 Tax Rate</u>
Harris County	\$0.391160
Harris County Flood Control District	0.031420
Harris County Department of Education	0.004993
Harris County Hospital District	0.166710
Port of Houston Authority	0.009910
Humble ISD	1.384050
Lone Star College System	0.107800
The District	<u>0.480000</u>
Estimated Total Tax Rate	\$2.576043

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2021 Assessed Valuation. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District other than the Prior Bonds and the Bonds.

Estimated Average Annual Debt Service Requirement (2022–2041).....	\$1,384,803
Tax Rate of \$0.21 on the 2021 Taxable Assessed Valuation produces.....	\$1,413,681
Estimated Maximum Annual Debt Service Requirement (2030).....	\$2,131,952
Tax Rate of \$0.32 on the 2021 Taxable Assessed Valuation produces.....	\$2,154,180

THE SYSTEM

Regulation

According to the Engineer, the District's water distribution, wastewater collection and treatment and drainage facilities (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston, Harris County and the Harris County Flood Control District. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ. Operation of the District's waterworks and sewage treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water

The District is served with potable water by two groundwater supply plants. Water Plant No. One contains a 2,000 gallon per minute ("gpm") well, 420,000 gallon ground storage capacity, one million gallon elevated storage capacity, four booster pumps with total capacity of 4,750 gpm, and auxiliary power. Water Plant No. Two contains a 2,000 gpm well, one million gallon elevated storage capacity, and emergency generator for auxiliary power. According to the Engineer, this capacity is sufficient to serve 5,417 equivalent single-family connections. The District has emergency interconnects with Harris County Municipal Utility District No. 46 and Harris County Municipal Utility District No. 151. The distribution system has been constructed for existing development. The District water supply facilities have adequate capacity to serve the projected ultimate development in the District.

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 (including the District). The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater

reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District’s groundwater well(s) are included within the Authority’s GRP. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority’s GRP.

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

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority’s GRP through the year 2024; (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority’s GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority’s GRP beginning in the year 2035. 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 \$9.58 per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Source of Wastewater Treatment

Permanent wastewater treatment for Atascocita (Harris County MUD Nos. 46, 132, 151, 152, 153, 494 and the District, collectively, the “Participants”) is being provided by a regional sewage treatment plant (the “Regional Plant”), the cost of which is being shared on a pro rata basis by the participating districts (which includes the districts listed above and Harris County MUD No. 106). The Regional Plant is operated by a joint operating board, comprised of one representative from each participating district. Charges for maintenance and operation of the Regional Plant are made on a pro rata basis as determined by the contract between the participating districts. The Regional Plant is owned the District pursuant to the Fourth Amended and Restated Waste Disposal Contract (the “Contract”) among the District and the Participants. The total capacity in the Regional Plant is nine million gallons per day (“gpd”), of which the District owns 2.0 million gpd capacity. According to the Engineer, this capacity is sufficient to serve approximately 6,286 single family equivalent connections within the District. The Regional Plant is designed to permit expansion as warranted by demand within the District and the other districts in Atascocita.

Waste Disposal Contract

The Participants, including the District, are served by the Regional Plant pursuant to terms of the Contract. While the District holds legal title to the Regional Plant, each Participant has the right to deliver a certain

amount of untreated sewage to the Regional Plant. The Regional Plant, including the wastewater interceptor, is operated by a joint operating board comprised of one member from each participating district. Charges for maintenance and operation of the Regional Plant are made on a pro rata basis as determined by the Contract.

Drainage

Drainage for developed areas of the District enters inlets in existing streets and is carried to the District outfall channel by the storm sewers that have been constructed. The District is served with outfall drainage by a major Harris County Flood Control Ditch that delivers drainage to Lake Houston. According to the District's Engineer, 25 acres located within the District are located in the 100 year flood plain.

Historical Operations of the System

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for fiscal years ended 2016 through 2020. For the District's fiscal year ended May 31, 2021, the figures below are unaudited. Reference is made to such statements for further and more complete information. See "APPENDIX A" hereto for the District's Audited Financial Statements for the fiscal year ended May 31, 2020.

Revenues	2021(a)	For the Fiscal Year Ended May 31,				
		2020	2019	2018	2017	2016
Property Taxes		\$1,007,887	\$770,589	\$796,048	\$595,683	\$632,697
Water Service		556,268	534,561	524,713	636,035	565,306
Wastewater Service		638,922	622,052	601,706	582,334	584,058
Water Authority Fees		994,208	845,456	763,278	661,238	504,944
Penalty and Interest		73,753	98,286	75,289	43,993	40,046
Connection/Inspection Fees		67,594	120,857	64,252	71,014	144,683
Sales Tax Revenues		74,517	70,841	80,806	72,755	77,658
Sale of Capacity		-	173,901	151,611	146,487	166,311
Water Authority Credits		147,135	147,135	147,135	147,135	147,135
Investment/Miscellaneous Revenues		90,389	115,555	29,857	85,032	1,599
TOTAL REVENUES		\$3,650,673	\$3,499,233	\$3,234,695	\$3,041,706	\$2,864,437
Expenditures						
Professional Fees		\$142,558	\$138,872	\$129,764	\$115,406	\$104,137
Contracted Services		263,123	229,998	248,363	230,088	215,305
Purchased Wastewater Service		361,729	379,479	339,454	301,412	310,281
Utilities		109,725	110,603	121,389	120,188	118,619
Repairs and Maintenance		731,660	601,088	508,336	502,091	493,569
Water Authority Assessments		1,260,028	1,066,968	932,927	850,178	689,343
Other		227,638	252,710	317,824	210,812	188,114
Capital Outlay		392,846	253,138	75,889	5,689	-
TOTAL EXPENDITURES		\$3,489,307	\$3,032,856	\$2,673,946	\$2,335,864	\$2,119,368
Excess Revenues (Expenditures)		\$161,366	\$466,377	\$560,749	\$705,842	\$745,069
Balance, Beginning of Year		\$4,971,489	\$4,505,112	\$3,944,363	\$3,238,521	\$2,493,452
Balance, End of Year		\$5,132,855	\$4,971,489	\$4,505,112	\$3,944,363	\$3,238,521

(a) Unaudited figures.

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

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

Maximum Impact on District Tax Rate: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2021 Assessed Taxable Valuation of property located within the \$708,611,922. After issuance of the Bonds, the estimated maximum annual debt service requirement will be \$2,131,952 (2030) and the estimated average annual debt service requirements will be \$1,384,803 (2022-2041). Assuming no increase to nor decrease from the 2021 Assessed Taxable Valuation, tax rates of \$0.32 and \$0.21 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2020 tax year, the District levied a maintenance tax of \$0.165 per \$100 of assessed valuation and a debt service tax of \$0.315 per \$100 of assessed valuation. The District has authorized the publication of the intended total tax rate of \$0.475 per \$100 of assessed valuation for the 2021 tax year. Such rate is expected to be composed of a maintenance and operations tax rate of \$0.18 per \$100 of assessed valuation and a debt service tax rate of \$0.295 per \$100 of assessed valuation.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a

taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or

abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

The District may not be placed into bankruptcy involuntarily.

Future Debt

The District has the right to issue the remaining \$12,950,000 principal amount of authorized but unissued unlimited tax bonds for water, wastewater and drainage facilities and \$31,671,200* principal amount of authorized but unissued unlimited tax refunding bonds remaining after the issuance of the Bonds (see "THE BONDS - Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining \$12,950,000 in unlimited tax bonds for water, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$12,950,000 in unlimited tax bonds for water, wastewater and drainage facilities is also subject to approval by the TCEQ and the Attorney General of Texas.

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

The District's Engineer (hereinafter defined) estimates that the aforementioned \$12,950,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all water, wastewater and drainage facilities to provide service to all of the currently undeveloped portions of the District.

Changes in Tax Legislation

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

Texas Legislative Session

The 87th Texas Legislature convened on January 12, 2021 and adjourned on May 31, 2021. The Governor convened a special session on August 7, 2021 and may call one or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda. During a special session, the Texas Legislature may enact laws that materially change current law as it relates to the District and its finances. The District makes no representation regarding any actions the Texas Legislature may take.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. 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."

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:

* Preliminary; subject to change.

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

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

Air Quality Issues

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

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

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

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

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

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

Water Supply & Discharge Issues

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

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

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

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

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the

United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

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

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

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

In June and July of 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. In light of this order, the EPA and the USACE announced that they have halted implementation of the NWPR and are interpreting “waters of the United States” consistent with the pre-2015 regulatory regime until further notice while continuing to move forward with the rulemakings announced in June of 2021. Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Infectious Disease Outlook – COVID-19

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

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within Texas. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) began to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional

restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the District cannot predict the long-term economic effect of COVID-19 or a similar virus on its operations, financial condition, or rating should there be a reversal of economic activity and re-imposition of restrictions. See "MUNICIPAL BOND INSURANCE" and "RATING."

Potential Effects of Oil Price Fluctuation on the Houston Area

The recent fluctuation in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Potential Impact of Natural Disaster

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

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator, the District's System did not sustain any material damage and there was no interruption of water and sewer service from Hurricane Harvey. Further, according to the District's Operator and Engineer, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes or commercial improvements within the District.

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

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.

Recent Winter Weather Event - In February 2021, much of Texas, including the District, was impacted by Winter Storm Uri. The District experienced historically low temperatures, ice and snow, and extended power outages. The District does not anticipate any material financial impact as a result of Winter Storm Uri.

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."

Bond Insurance

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

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

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

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

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 Issuer nor the Underwriter has 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 Proceedings

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Bonds are valid and binding obligations of the District payable from the proceeds of a continuing, direct annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Norton Rose Fulbright US LLP, Houston, Texas ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS – Tax Exemption." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to an opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that, pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Code") and existing regulations, published rulings, and court decisions thereunder, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization trust, S corporations with "subchapter C" earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond). Purchasers of Premium Bonds should consult with their own tax advisors to determine the amortizable bond premium on the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Qualified Tax-Exempt Obligations

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

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented 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 2021 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 2021.

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

Robert Thomas CPA, LLP, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and to pay, when due or upon early redemption, the principal of, interest on and related call premium requirements,

if any, of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending on or after 2021.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District's audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order 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 the last day of May. Accordingly, it must provide updated information by November 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 business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person 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 financial obligation of the District or an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or an obligated person, any of which affect bondholders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District or an obligated person, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the Remaining Outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements.

GENERAL CONSIDERATIONS

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the

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

Certification as to Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board makes no other representation as to the accuracy or completeness of the information derived from sources other than the District. The Board has relied in part upon its examination of records of the District and its discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District. All information with respect to the resale of the Bonds has been provided by the Underwriter.

Official Statement "Deemed Final"

For purposes of compliance with SEC Rule 15c2-12, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an "official statement" with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the District with respect to the Bonds, as that term is defined in SEC Rule 15c2-12.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 109 as of the date shown on the first page hereof.

APPENDIX A
Financial Statements of the District

CERTIFICATE FOR ORDER AUTHORIZING
UNLIMITED TAX REFUNDING BONDS, SERIES 2021,
A TRANSFER AND PAYING AGENCY AGREEMENT, A DEPOSIT LETTER, A BOND
PURCHASE AGREEMENT, AN OFFICER’S PRICING CERTIFICATE,
AND OTHER MATTERS IN CONNECTION THEREWITH

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109

We, the undersigned officers of the Board of Directors (the “Board”) of Harris County Municipal Utility District No. 109 (the “District”), hereby certify as follows:

The Board convened in regular session, open to the public, on September 21, 2021, at 6:00 p.m., via teleconference, at 1-346-248-7799 Meeting ID: 938 2747 2104 and at Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010, and the roll was called of the members of the Board, to-wit:

Owen H. Parker, President
Chris Green, Vice President
Cheryl Moore, Secretary
Robin Sulpizio, Assistant Secretary
Nancy Frank, Assistant Secretary

All members of the Board were present, except _____, thus constituting a quorum. Whereupon among other business, the following was transacted at such Meeting: A written

CERTIFICATE FOR ORDER AUTHORIZING
UNLIMITED TAX REFUNDING BONDS, SERIES 2021,
A TRANSFER AND PAYING AGENCY AGREEMENT, A DEPOSIT LETTER, A BOND
PURCHASE AGREEMENT, AN OFFICER’S PRICING CERTIFICATE,
AND OTHER MATTERS IN CONNECTION THEREWITH

Was duly introduced for the consideration of the Board and read in full. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of such Order, prevailed and carried by the following votes:

AYES: _____ NOES: _____

A true, full, and correct copy of the aforesaid Order adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in the Board’s minutes of such Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board’s minutes of such Meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of such Meeting, and that such Order would be

introduced and considered for adoption at such Meeting and each of such officers and members consented, in advance, to the holding of such Meeting for such purpose; and such Meeting was open to the public, and public notice of the time, place, and purpose of such Meeting was given, all as required by Chapter 551, Texas Government Code, as amended, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this 21st day of September, 2021.

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 109

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

ORDER AUTHORIZING
UNLIMITED TAX REFUNDING BONDS, SERIES 2021
A TRANSFER AND PAYING AGENCY AGREEMENT,
A DEPOSIT LETTER, A BOND PURCHASE AGREEMENT,
AN OFFICER'S PRICING CERTIFICATE,
AND OTHER MATTERS
IN CONNECTION THEREWITH

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
September 21, 2021

TABLE OF CONTENTS

Page

ARTICLE ONE DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1.	Definitions.....	2
SECTION 1.2.	Notices	6
SECTION 1.3.	Effect of Headings and Table of Contents; Recitals	6
SECTION 1.4.	Order a Contract; Amendments	6
SECTION 1.5.	Benefits of Order.....	7
SECTION 1.6.	Repealer	7
SECTION 1.7.	Governing Law	7
SECTION 1.8.	Severability	7
SECTION 1.9.	Public Meeting	7
SECTION 1.10.	Authority of Officers.....	8

ARTICLE TWO FORMS

SECTION 2.1.	Forms Generally.....	9
SECTION 2.2.	Form of Definitive Bond.....	10
SECTION 2.3.	Form of Registration Certificate of Comptroller of Public Accounts.....	16
SECTION 2.4.	Form of Certificate of Authentication.....	16
SECTION 2.5.	Form of Assignment	17
SECTION 2.6.	Form of Initial Bond	17
SECTION 2.7.	Insurance/Guarantee Legend	18

ARTICLE THREE THE BONDS

SECTION 3.1.	Authorization, Purpose, Titles, Denomination, Amounts, and Terms of Bonds	19
SECTION 3.2.	Redemption	20
SECTION 3.3.	Payment of Interest; Interest Rights Preserved	22
SECTION 3.4.	Execution, Authentication, Delivery, and Dating.....	23
SECTION 3.5.	Registration, Transfer, and Exchange	24
SECTION 3.6.	Book Entry Only Bonds	25
SECTION 3.7.	Mutilated, Destroyed, Lost, and Stolen Bonds	25
SECTION 3.8.	Persons Deemed Holders	26
SECTION 3.9.	Cancellation	26

ARTICLE FOUR TAXES AND FUNDS

SECTION 4.1.	Establishment and Application of Funds	27
SECTION 4.2.	Bond Fund.....	27
SECTION 4.3.	Investments and Security for Funds.....	27
SECTION 4.4.	Pledge and Levy of Taxes.....	28

SECTION 4.5.	Escrow Agreement; Funding of Defeasance; Discharge of Refunded Obligations; Redemption of Refunded Obligations.....	29
--------------	---	----

ARTICLE FIVE
COVENANTS

SECTION 5.1.	To Maintain Agency	31
SECTION 5.2.	To Maintain and Insure Property	31
SECTION 5.3.	To Keep and Audit Books and Permit Inspections.....	32
SECTION 5.4.	To Maintain Tax-Exempt Status of Bonds	32
SECTION 5.5.	Right to Mandamus.....	35

ARTICLE SIX
DEFEASANCE

SECTION 6.1.	Discharge of Obligations	36
--------------	--------------------------------	----

ARTICLE SEVEN
SALE

SECTION 7.1.	Sale.....	38
SECTION 7.2.	Official Statement	38
SECTION 7.3.	Power to Revise Form of Documents	38

ARTICLE EIGHT
CONTINUING DISCLOSURE UNDERTAKING

SECTION 8.1.	Annual Reports	40
SECTION 8.2.	Material Event Notices	40
SECTION 8.3.	Limitations, Disclaimers, and Amendments.....	42
SECTION 8.4.	Definitions.....	43

EXHIBIT A: OFFICER’S PRICING CERTIFICATE

EXHIBIT B: DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

ORDER AUTHORIZING
UNLIMITED TAX REFUNDING BONDS, SERIES 2021
A TRANSFER AND PAYING AGENCY AGREEMENT,
A DEPOSIT LETTER, A BOND PURCHASE AGREEMENT,
AN OFFICER’S PRICING CERTIFICATE,
AND OTHER MATTERS
IN CONNECTION THEREWITH

RECITALS

1. The Board of Directors (the “*Governing Body*”) of the Harris County Municipal Utility District No. 109 (the “*Issuer*”) hereby finds and determines that it should authorize and provide for issuance of Unlimited Tax Refunding Bonds, Series 2021 (the “*Bonds*”) from the election dated May 4, 2002, to refund all or part of its outstanding Unlimited Tax Refunding Bonds, Series 2011 (the “*Series 2011 Bonds*”) and Unlimited Tax Refunding Bonds, Series 2013 (the “*Series 2013 Bonds*”) (collectively, the “*Refunded Obligations*”).

2. Following issuance of the proposed bonds, the amounts remaining to be issued from such voted authorization are as set forth in the Officer’s Pricing Certificate.

3. The Governing Body has determined that the Bonds should be issued in an amount sufficient to discharge and make final payment of the principal of and interest on all of the Refunded Obligations at their respective maturities in order to achieve a present value debt service savings to be established in the Officer’s Pricing Certificate described herein.

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 THAT:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.1. *Definitions.*

For all purposes of this Order, *except* as otherwise expressly provided or unless the context otherwise requires:

- (1) The terms defined in this Section have the meanings assigned to them in this Section.
- (2) All terms defined herein include the plural as well as the singular.
- (3) All references in this Order to designated “*Articles*”, “*Sections*”, and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Order as originally adopted.
- (4) The words “*herein*”, “*hereof*”, and “*hereunder*” and other words of similar import refer to this Order as a whole and not to any particular Article, Section, or other subdivision.

“*Bond Fund*” means the account of the Issuer so defined in *Section 4.2*.

“*Bonds*” means any obligation of the Issuer authorized to be issued by *Article Three* and certified or authenticated and delivered hereunder, whether initially delivered or issued in exchange for or upon transfer or in lieu of any Predecessor Bond.

“*Code*” means the Internal Revenue Code of 1986, as amended by any amendments thereto effective prior to the Issue Date.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*DTC*” means The Depository Trust Company, a New York corporation.

“*Governing Body*” means the Board of Directors of the Issuer.

“*Governmental Obligations*” means (1) direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, or (2) obligations authorized under Texas law from time to time for discharge and final payment of obligations of political or governmental subdivisions which, at the time of deposit have been assigned ratings in the highest rating category of either Moody’s Investors Service or Standard & Poor’s Rating Services, or any successor to the bond operations of either of such corporations, *but* in the case of both *Clauses* (1) and (2) only if such obligations may not be called for redemption prior to maturity.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Holder*” when used with respect to any Bond means the Person in whose name such Bond is registered on the Security Register.

“*Insurer*” means the Person designated as the Insurer in the Officer’s Pricing Certificate.

“*Interest Payment Date*” when used with respect to any installment of interest on any Bond means the date specified in such Bond as the fixed date on which any such installment of interest is due and payable.

“*Investment*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Issue Date*” means the first date on which Bonds are authenticated and delivered to the initial purchasers thereof in exchange for the purchase price therefor.

“*Issuer*” has the meaning stated in the Recitals hereto.

“*Issuer Request*” means a request signed in the name of the Issuer by the President, Vice President, or Treasurer of the Governing Body and by the Secretary or an Assistant or Acting Secretary of the Governing Body and delivered to the Paying Agent.

“*Maturity*” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or by call for redemption or otherwise.

“*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Officer’s Pricing Certificate*” means a certificate or certificates to be signed by the President of the Governing Body of the Issuer (or in the President’s absence, the Vice President of the Governing Body) pursuant to Section 3 hereof, in substantially the form attached hereto as Exhibit A, to be completed within 180 days of the adoption of this Order.

“*Order*” means this Order.

“*Outstanding*” when used with respect to Bonds means, as of the date of determination, all Bonds theretofore registered by the Comptroller of Public Accounts or authenticated by the Paying Agent and delivered under this Order, *except*, without duplication:

- (1) *Canceled Bonds*: Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

- (2) *Gross Cash Defeasance*: Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Paying Agent in trust for the Holder of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Order, irrevocably provided for to the satisfaction of the Paying Agent, or waived;
- (3) *Replaced Bonds*: Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Order;
- (4) *Paid Missing Bonds*: Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in *Section 3.7*; and
- (5) *Net Cash Defeasance*: Bonds for the payment of the principal (or Redemption Price) of and interest on which money or Governmental Obligations or both are held by the Paying Agent (or by any other bank or trust company which has agreed to hold the same for such purpose) with the effect specified in *Section 6.1*.

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds owned by the Issuer or any other obligor upon the Bonds shall be disregarded and deemed not to be Outstanding, *except* that, in determining whether the Paying Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Paying Agent knows to be owned shall be so disregarded.

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., as Paying Agent until a successor Paying Agent shall have become such pursuant to the applicable provisions of this Order, and thereafter “*Paying Agent*” shall mean such successor Paying Agent.

“*Paying Agency Agreement*” means the Paying Agency Agreement between the issuer and the Paying Agent as authorized by *Section 5.1*. “*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“*Place of Payment*” means the payment office of the Paying Agent designated hereunder, which may be charged with notice to the Holders, which shall initially be Dallas, Texas.

“*Predecessor Bonds*” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under *Section 3.7* in lieu of a mutilated, lost, destroyed, or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed, or stolen Bond.

“*Rebate Amount*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Redemption Date*” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of this Order.

“*Redemption Price*” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms hereof, *excluding* installments of interest the Interest Payment Date of which is on or before the Redemption Date.

“*Refunded Bonds Paying Agent*” means The Bank of New York Mellon Trust Company, N.A.

“*Refunded Obligations*” means the maturities or portions of maturities of the Issuer’s Outstanding Unlimited Tax Refunding Bonds, Series 2011 and Unlimited Tax Refunding Bonds, Series 2013, specified in the Officer’s Pricing Certificate.

“*Regular Record Date*” for the interest payable on any Interest Payment Date means the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date.

“*Regulations*” means the temporary or final Income Tax Regulations applicable to the Bonds issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the Bonds.

“*Security Register*” has the meaning stated in *Section 3.5*.

“*Special Record Date*” for the payment of Defaulted Interest on Bonds means a date fixed by the Paying Agent pursuant to *Section 3.3*.

“*Stated Maturity*” when used with respect to any Bond means the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

“*Yield*” of

(1) *Investments*: any Investment has the meaning set forth in Section 1.148-5(b) of the Regulations, and

(2) *Bonds*: the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

SECTION 1.2. *Notices.*

Where this Order provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Bondholder, at the address of such Bondholder as it appears in the Security Register.

Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of Bonds shall affect the sufficiency of such notice with respect to all other Bondholders. Wherever this Order provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Issuer, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.3. *Effect of Headings and Table of Contents; Recitals.*

The Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part hereof for all purposes and are adopted as part of the judgment and findings of the Governing Body.

SECTION 1.4. *Order a Contract; Amendments.*

This Order shall constitute a contract with the Holders of the Bonds from time to time accepted by the initial purchaser of the Bonds, shall be binding on the Issuer and its successors and assigns whether or not so expressed, and shall not be amended or repealed by the Issuer so long as any Bond remains Outstanding *except* as permitted in this Section.

The Issuer may, without the consent of or notice to any Bondholder, from time to time and at any time amend this Order in any manner not detrimental to the interests of the Holders of the Bonds, including the curing of any ambiguity, inconsistency, or formal defect or omission herein or therein. In addition, the Issuer may, with the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Order *except* that, notwithstanding the foregoing, without the consent of the Holders of all of the affected Outstanding Bonds, no such amendment, addition, or rescission shall (1) change the Stated Maturity of the Bonds or any installment of interest thereon, reduce the principal amount thereof, the Redemption Price therefor, or the rate of interest thereon, change the place or places at, or the coin or currency in, which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, (3) modify the provisions of the proviso to the definition of the term “Outstanding”, or (4) modify any of the provisions of this Section, except to increase the

percentage provided hereby or to provide that certain other provisions of this Order cannot be modified or waived.

Any consent to any amendment hereof by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon transfer or in lieu thereof or in exchange therefor, in respect of anything done or suffered to be done by the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

SECTION 1.5. *Benefits of Order.*

Nothing in this Order, expressed or implied, is intended or shall be construed to confer upon any Person (other than the Issuer, the Bondholders) any right, remedy, or claim, legal or equitable, under or by reason of this Order or any provision hereof, this Order and all its provisions being intended to be and being for the sole and exclusive benefit of the Issuer, the Bondholders.

SECTION 1.6. *Repealer.*

All orders and resolutions, or parts thereof, which are in conflict with any provision of this Order are hereby repealed and declared to be inapplicable to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters prescribed herein.

SECTION 1.7. *Governing Law.*

This Order shall be construed in accordance with and governed by the laws of the State of Texas and the federal law of the United States of America.

SECTION 1.8. *Severability.*

If any provision of this Order or any application thereof shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.9. *Public Meeting.*

The Governing Body officially finds, determines, and declares that notice of the adoption of this Order was posted as required by law at a location within the territorial boundaries of the Issuer, at the courthouse in the county or counties in which the Issuer is located, and at the administrative offices of the Issuer in a place readily accessible to the general public at all times for at least 72 hours preceding the scheduled time of the meeting at which this Order is adopted; that such meeting was open to the public; and that public notice of the time, place, and purpose of such meeting was given as required by law, including specifically Chapter 551, Texas Government Code, as amended, and Texas Water Code section 49.063, as amended.

SECTION 1.10. *Authority of Officers.*

The President and the Vice President of the Governing Body, or either of them, and the Secretary and any Assistant or Acting Secretary of the Governing Body, or any of them, are authorized to evidence adoption of this Order and to do any and all things proper and necessary to carry out the intent hereof.

ARTICLE TWO FORMS

SECTION 2.1. *Forms Generally.*

The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be reproduced on the initial Bonds, the Certificate of Authentication to be reproduced on subsequently delivered Bonds, and the form of Assignment to be reproduced on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel or insurance legends and legends concerning the Depository Trust Company) thereon as may, consistently herewith, be established by order of the Governing Body or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond. Unless set forth herein, bracketed information in the form of Bonds is to be completed from the Officer's Pricing Certificate, if any.

The definitive Bonds shall be numbered R-1 and upward and may be printed, lithographed, engraved, typewritten, photocopied, otherwise reproduced, or produced by any combination of these methods, all as determined by the officers executing such Bonds as evidenced by their execution thereof, but the initial Bond submitted to the Attorney General of Texas shall be numbered T-1 and may be typewritten, photocopied, or otherwise reproduced.

SECTION 2.2. *Form of Definitive Bond.*

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED

REGISTERED

NO.

\$

United States of America
State of Texas
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109
UNLIMITED TAX REFUNDING BOND, SERIES 2021

Interest Rate: Stated Maturity: Dated Date: Issue Date: CUSIP No.:
..... November 1, 2021

Harris County Municipal Utility District No. 109 (together with its successors the “*Issuer*”), a body politic and political subdivision of the State of Texas duly organized and existing under and by virtue of the laws of the State of Texas, for value received, hereby promises to pay to

.....

or registered assigns, on the Stated Maturity specified above, the principal sum of

..... DOLLARS

and to pay interest thereon to the Person herein specified from the Dated Date of the Bonds, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until such principal is paid or duly provided for on or after such Stated Maturity or any earlier Redemption Date, on April 1 and October 1 in each year commencing April 1, 2022, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable on, and paid or duly provided for on or within 10 days after, any Interest Payment Date will be paid to the Person in whose name this Bond (or one or more Predecessor Bonds evidencing the same debt) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Any such interest not so paid or duly provided for shall forthwith cease to be payable to the Person in whose name such

Bond is registered on such Regular Record Date, and shall be paid to the Person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Paying Agent, notice whereof being given to the Holders of the Bonds not less than 10 days prior to the Special Record Date. All such interest shall be payable at the designated payment office of the Paying Agent, initially in the City of Dallas, Texas (hereinafter referred to as the “*Place of Payment*”), which Paying Agent shall initially be The Bank of New York Mellon Trust Company, N.A. Such interest shall be paid by check or draft mailed to the address of the Holder as the same appears on the Security Register of the Issuer kept by the Paying Agent, as Bond Registrar, or in accordance with other customary arrangements acceptable to the Paying Agent made by the Holder. The principal or Redemption Price of this Bond is payable at the Place of Payment upon presentation and surrender of this Bond. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

If the specified date for any such payment shall be a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city in which the Place of Payment is located, such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

The obligation to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the Issuer until such time, if ever, as the Issuer is abolished and this Bond is assumed as described below. No other entity, including Harris County, Texas and the State of Texas, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or interest on this Bond from any source whatsoever.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$[*Insert from Officer’s Pricing Certificate*], pursuant to an order of the Board of Directors of the Issuer (hereinafter referred to as the “*Bond Order*”), for the purpose of refunding certain outstanding obligations of the Issuer, all under and in strict conformity with article XVI, section 59 of the Constitution of the State of Texas and the laws of the State of Texas, including particularly (but not by way of limitation) Texas Water Code, chapters 49 and 54, and Texas Government Code, chapter 1207, together with all amendments and additions thereto, by authority of an election held for within the Issuer.

The Bonds with Stated Maturities on and after October 1, 2027, may be redeemed at the option of the Issuer on notice mailed to the Holders thereof not less than 30 days prior to the Redemption Date as provided in the Bond Order, as a whole or from time to time in part on any date prior to their Stated Maturity, but not before October 1, 2026, upon payment of the Redemption Price which shall be the principal amount thereof together with interest, if any, accrued thereon from the most recent Interest Payment Date to the Redemption Date. Optional redemption of the Bonds may be conditioned on issuance of refunding bonds or other obligations to pay the redemption price.

[Bonds maturing on Mandatory Redemption Dates are subject to mandatory redemption prior to maturity in the principal amounts and on the redemption dates set out below, at a price equal to such principal amounts plus accrued interest from the most recent interest payment date to such redemption dates:

Bonds maturing [Stated Maturity]

Redemption Date (September 1)	Principal <u>Amount</u>
----------------------------------	----------------------------

\$

(Stated Maturity)

Bonds maturing [Stated Maturity]

Redemption Date (September 1)	Principal <u>Amount</u>
----------------------------------	----------------------------

\$

(Stated Maturity)

Bonds maturing [Stated Maturity]

Redemption Date (September 1)	Principal <u>Amount</u>
----------------------------------	----------------------------

\$

(Stated Maturity)

Such Bonds to be redeemed shall be selected by lot from and among the Bonds of such maturity then subject to redemption. The Issuer, at its option, may credit against any mandatory sinking fund redemption requirement Bonds of the maturity then subject to redemption which have been purchased and canceled by the Issuer or have been redeemed and theretofore applied as a credit against any mandatory sinking fund redemption requirement.]

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof) and upon any partial redemption of any such Bond the same shall be surrendered in exchange for one or more new Bonds of the same Stated Maturity in authorized denominations for the unredeemed portion of principal. Bonds (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Bond Order shall cease to bear interest from and after the Redemption Date.

The Bonds are payable from the proceeds of a tax levied upon all taxable property within the Issuer which is not legally limited as to rate or amount. Reference is hereby made to the Bond Order for a description of the covenants by which the Bonds are secured, the respective rights thereunder of the Holders of such Bonds and the Issuer, and the terms upon which such Bonds are, and are to be, authenticated and delivered. Notwithstanding any provision hereof or of the Bond Order, however, the obligation of the Issuer to make money available to pay this Bond may be defeased by the deposit of money and/or certain debt obligations sufficient for such purpose and, if all the territory within the Issuer is annexed by one or more cities and all or any part of the debts, liabilities, and assets of the Issuer, including this Bond, are assumed by such annexing city or cities, the sources of payment of this Bond may be modified under the laws of the State of Texas.

The Bond Order permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Bondholders under the Bond Order at any time by the Issuer without the consent of the Holders and, in other cases, with the consent of the Holders of a majority in aggregate principal amount of such Bonds at the time outstanding affected by such modification. Any such consent by the Holders of this Bond or any Predecessor Bond herefor evidencing the same debt shall be conclusive and binding upon such Holder and all future Holders of this Bond and of any Bond issued upon the transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent is made upon this Bond.

As provided in the Bond Order and subject to certain limitations therein set forth, this Bond is transferable on the Security Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Bonds are issuable as fully registered Bonds in the denominations of \$5,000 and any integral multiple thereof. Upon surrender of this Bond for exchange to the Paying Agent at the Place of Payment, and subject to certain limitations set forth in the Bond Order, one or more new fully registered Bonds of the same Stated Maturity, of designated authorized denominations, and for the same aggregate principal amount will be issued to the Holder of this Bond.

No service charge shall be made for any transfer or exchange hereinabove referred to, but the Issuer or the Paying Agent may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The Issuer, the Paying Agent, and any agent of either of them may treat the Person in whose name this Bond is registered as the Holder hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and

none of the Issuer, the Paying Agent, and any such agent shall be affected by notice to the contrary.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid, and binding obligation of the Issuer have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation. For the faithful performance of all covenants, recitals, and stipulations herein contained, the full faith, credit, and resources of the Issuer are hereby pledged. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications thereof shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Texas and the United States of America.

[Remainder of this page intentionally left blank.]

Unless either a Registration Certificate of the Comptroller of Public Accounts of the State of Texas or a Certificate of Authentication hereon has been executed by such Comptroller or his duly authorized agent or by the Paying Agent, respectively, by manual signature, this Bond shall not be entitled to any benefit under the Bond Order or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 109

By:.....
President, Board of Directors

ATTEST:

Secretary, Board of Directors

SECTION 2.3. *Form of Registration Certificate of Comptroller of Public Accounts.*

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER §
 §
 § REGISTER NO.
THE STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this

.....
Comptroller of Public Accounts
of the State of Texas

(SEAL)

SECTION 2.4. *Form of Certificate of Authentication.*

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds of the series designated therein referred to in the within-mentioned Bond Order, a Predecessor Bond for which has been approved by the Attorney General of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

The Bank of New York Mellon Trust
Company, N.A.,
as Paying Agent

Dated:

By:
Authorized Signature

SECTION 2.5. *Form of Assignment.*

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (*Print or typewrite name, address, and zip code of transferee:*)
.....
..... (*Social Security or other identifying number:*
.....) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
..... attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

Signature(s) guaranteed:
.....

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

SECTION 2.6. *Form of Initial Bond.*

The Initial Bond shall be in the form set forth in Section 2.2 of this Section except that the form of a single fully registered Bond shall be modified as follows:

- (i) immediately under the name of the Bond the headings “Interest Rate _____”, “Stated Maturity _____”, and CUSIP No. _____ will be omitted;
- (ii) Paragraph one will read as follows:

Harris County Municipal Utility District No. 109 (together with its successors, the “*Issuer*”), a body politic and political subdivision duly organized and existing under and by virtue of the laws of the State of Texas, for value received, hereby promises to pay to Cede & Co., or registered assigns, the hereinabove stated Principal Amount on October 1 in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
------------------------------------	-----------------------------	------------------------------

[Information to be inserted from Schedule in the Officer's Pricing Certificate]

and to pay interest thereon computed on the basis of a 360-day year of twelve 30-day months to the Person herein specified from the Dated Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until such principal is paid or duly provided for on or after such Stated Maturity or any earlier Redemption Date, semiannually on April 1 and October 1 in each year commencing April 1, 2022, at the per annum Interest Rates specified above, computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.7. *Insurance/Guarantee Legend.*

If bond insurance is obtained by the Purchaser, the Definitive Bonds and the Initial Bond(s) may bear an appropriate legend as provided by the insurer.

The President of the Governing Body, and in the absence of the President of the Governing Body the Vice President of the Governing Body, is hereby authorized to execute and deliver a commitment for insurance as specified in the Officer's Pricing Certificate and related insurance credit agreements. If bond insurance is obtained by the Purchaser, the Definitive Bonds and the Initial Bond(s) may bear an appropriate legend as provided by the insurer.

ARTICLE THREE
THE BONDS

SECTION 3.1. *Authorization, Purpose, Titles, Denomination, Amounts, and Terms of Bonds.*

1) *Authorization and Purpose.* The Governing Body hereby authorizes issuance of bonds of the Issuer, in the form specified herein and bearing the terms herein provided, for the purposes stated in the Form of Bond in *Section 2.2*, under and in strict conformity with Texas Constitution, article XVI, section 59, and the laws of the State of Texas, including particularly (but not by way of limitation) Texas Water Code chapters 49 and 54 and Texas Government Code chapter 1207, together with all amendments and additions thereto and by authority of elections held for and within the Issuer. The Governing Body of the Issuer reserves the right to issue the remaining bonds authorized but unissued at elections held in within the Issuer.

The President of the Governing Body of the Issuer (and in the absence of the President the Vice President of the Governing Body of the Issuer is hereby authorized to act on behalf of the Issuer in selling and delivering the Bonds and carrying out the other procedures specified in this Order, including any additional designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the date or dates on which the Bonds shall be sold, the day and years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of the Bonds, the rate of interest to be borne by each such maturity, the first interest payment date or compounding date, as the case may be, the dates, prices, and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale and delivery of the Bonds, including the refunding of the Refunded Obligations, all of which shall be specified in the Officer's Pricing Certificate for the Bonds, provided that:

(i) the Bonds shall have a dated date of November 1, 2021 (unless otherwise provided in the Officer's Pricing Certificate) (the "*Dated Date*");

(ii) the price to be paid for the Bonds may not be less than 95% of the aggregate original principal amount of the Bonds plus accrued interest, if any, thereon from their date to their delivery;

(iii) none of the Bonds may bear interest at an interest rate which results in an initial yield greater than 15% per annum or in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, whichever is less;

(iv) the maximum amount of bonds that may be issued is \$4,000,000;

(v) the refunding of the Refunded Obligations meets all of the requirements of the City of Houston and will result in a minimum dollar reduction in aggregate debt service costs to the Issuer on a present value basis equal to or not less than 3% of the principal amount of the Refunded Obligations based on bond market conditions and available interest rates for the Bonds on the date of the sale of the Bonds, all as set forth in the Officer's Pricing Certificate.

If the conditions set forth above cannot be met, the Bonds may not be issued.

2) *Title.* The title of the Bonds shall be "Unlimited Tax Refunding Bonds, Series 2021".

3) *Terms and Denominations.* The Bonds shall be issued in fully registered form, only have a dated date provided in the Officer's Pricing Certificate (the "*Dated Date*") in denominations of \$5,000 or any integral multiples (within a stated maturity) thereof, and are due and payable on the day and in each of the years (but not later than 2051) designated in the Officer's Pricing Certificate (the "*Stated Maturities*"). Interest on the Bonds accrues from the Dated Date, and is payable April 1, 2022, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Bonds shall be issued in the principal amounts and bear interest at per annum rates as set forth in the Officer's Pricing Certificate, calculated on the basis of a 360-day year of twelve 30-day months on the unpaid principal amounts from the Dated Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity.

4) *Place of Payment.* The principal and Redemption Price of the Bonds shall be payable upon surrender, and, *subject to Section 3.3*, interest on the Bonds shall be payable, at the Place of Payment.

5) *Holidays.* If the specified date for any payment of principal (or Redemption Price) of or interest on the Bonds shall be a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the city of the Place of Payment, such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

SECTION 3.2. *Redemption.*

1) *Redemption Rights.* The Bonds are subject to optional and mandatory redemption as set forth in *Section 2.2*, Form of Bond, and as set forth in the Officer's Pricing Certificate.

The exercise by the Issuer of its option to redeem Bonds shall be evidenced by an order or resolution of the Governing Body entered into its minutes. The Issuer shall, at least 45 days prior to each Redemption Date (unless a shorter notice shall be satisfactory to the Paying Agent), notify the Paying Agent of such Redemption Date and of the principal amount of Bonds

of each Stated Maturity to be redeemed. Optional redemption of the Bonds may be conditioned on issuance of refunding bonds or other obligations to pay the Redemption Price.

2) *Selection of Bonds to be Redeemed.* If less than all the Outstanding Bonds of any Stated Maturity are to be redeemed, the particular Bonds of such Stated Maturity to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Paying Agent from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Paying Agent shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to \$5,000 or any integral multiple thereof) of the principal of Bonds of a denomination larger than \$5,000.

The Paying Agent shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Order, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed only in part, to the portion of the principal of such Bonds which has been or is to be redeemed.

3) *Notice of Redemption.* Notice of redemption shall be mailed by the Paying Agent in the name and at the expense of the Issuer, not less than 30 days prior to the Redemption Date, to each Holder of Bonds to be redeemed. All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) the principal amount and identification (by CUSIP number (if obtained for the Bonds), Stated Maturity, interest rate, Dated Date, and, in the case of partial redemption within a Stated Maturity, the respective Bond numbers and principal amounts) of Bonds to be redeemed,

(4) that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after said date, and

(5) that the Bonds to be redeemed are to be surrendered for payment of the Redemption Price at the Place of Payment, and the address of such Place of Payment. The notice of redemption must state if redemption is conditioned on issuance of refunding bonds or other obligations to pay the redemption Price.

4) *Payment of the Redemption Price.* Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price, and from and after such date (unless the Issuer shall

default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon the surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the Redemption Price out of money supplied by the Issuer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the same shall continue to bear interest from the Redemption Date at the rate borne by such Bond.

5) *Partial Redemption.* Any Bond which is to be redeemed only in part shall be surrendered at the Place of Payment (with, if the Issuer or the Paying Agent so requires, due endorsement by, or written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute and the Paying Agent shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any authorized denomination or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

SECTION 3.3. *Payment of Interest; Interest Rights Preserved.*

Interest on the Bonds shall be payable semiannually on each April 1 and October 1 (each such date an “*Interest Payment Date*”), commencing on the date to be set forth in the Officer’s Pricing Certificate, while any of the Bonds remain Outstanding.

Interest on any Bond which is payable, and which is paid or duly provided for on or within 10 days after, any Interest Payment Date shall be paid to the Person in whose name such Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date therefor.

Any interest on any Bond which is payable on, but is not paid or duly provided for on or within 10 days after, any Interest Payment Date (herein referred to as “*Defaulted Interest*”) shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid to the Person in whose name such Bond (or one or more respective Predecessor Bonds) is registered at the close of business on a special record date (the “*Special Record Date*”) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and shall simultaneously deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in this Section. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Paying Agent of the notice of the

proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Bondholder at the address of such Bondholder as it appears in the Security Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

All payments of interest on the Bonds (except for interest paid as part of the Redemption Price) shall be paid by check mailed, first-class postage prepaid, to the Person entitled thereto at such Person's address as it appears on the Security Register or by such other customary banking arrangements to which such Person and the Paying Agent may agree at the risk and expense of such Person.

Subject to the foregoing provisions of this Section, each Bond delivered under this Order upon transfer or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange, or substitution.

SECTION 3.4. *Execution, Authentication, Delivery, and Dating.*

The Bonds shall be executed on behalf of the Issuer by its President or Vice President and attested by its Secretary or one of its Assistant or Acting Secretaries. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds.

The President or Vice President of the Governing Body shall execute one Bond representing the entire principal amount of all Bonds and dated the Dated Date, in the name of Cede & Co., and shall submit such Bonds, together with the record of the proceedings authorizing the issuance thereof and any and all other necessary orders, certificates, and records, to the Attorney General of Texas for approval. After the Attorney General has approved such Bonds, the President or Vice President of the Governing Body shall cause such Bonds to be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Bonds, the Comptroller is authorized and directed to deliver the Bonds in accordance with instructions of the President or Vice President of the Governing Body.

At any time thereafter the Issuer may deliver such Bonds to the Paying Agent together with definitive Bonds to be issued in exchange therefor, and the Paying Agent shall thereupon, within not more than five business days following receipt of instructions from the payee named therein designating the Persons, maturities, and principal amounts to and in which such Bonds are to be transferred, authenticate and deliver such definitive Bonds as provided in

such instructions. The officers or acting officers of the Governing Body are authorized to execute and deliver on behalf of the Governing Body such certificates and instruments as may be necessary to accomplish or in furtherance of the delivery to and payment for the Bonds by the initial purchaser thereof.

All Bonds authenticated and delivered by the Paying Agent hereunder shall be dated the date of their authentication.

No Bond shall be entitled to any right or benefit under this Order, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in *Section 2.3*, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of authentication substantially in the form provided in *Section 2.4*, executed by the Paying Agent by manual signature, and either of such executed certificates upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

SECTION 3.5. *Registration, Transfer, and Exchange.*

The Issuer shall cause to be kept at the Place of Payment a register (herein referred to as the “*Security Register*”) in which, subject to such reasonable regulations as the Issuer or the Paying Agent may prescribe, the Paying Agent shall provide for the registration of the Bonds and registration of transfers of the Bonds as herein provided.

Upon surrender for transfer of any Bond at the Place of Payment, the Issuer shall execute, and the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denominations, and of a like aggregate principal amount.

At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Place of Payment. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Paying Agent shall authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Order, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to the Holder for any registration, transfer, or exchange of Bonds, but the Issuer or the Paying Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the Issuer nor the Paying Agent shall be required (1) to transfer or exchange any Bond during a period beginning at the opening of business 15 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 (2) thereafter to transfer or exchange in whole or in part any Bond so selected for redemption.

SECTION 3.6. *Book Entry Only Bonds.*

Notwithstanding the provisions contained in *Sections 3.2, 3.3 and 3.5* hereof relating to the redemption, payment, and transfer/exchange of the Bonds, the Issuer hereby approves and authorizes the use of “Book-Entry Only” securities clearance, settlement and transfer system provided by The Depository Trust Company (“DTC”), a limited purpose trust company organized under the laws of the State of New York, in accordance with DTC’s requirements and procedures, and authorizes the Issuer and the Paying Agent to take such actions as are necessary to qualify the Bonds with DTC and to deliver the Bonds through DTC.

Pursuant to the rules and procedures of DTC now in effect, the Bonds shall be deposited with DTC (or with the Paying Agent on behalf of DTC) who shall hold said Bonds for its participants (the “DTC Participants”). While the Bonds are so held, the Holder of the Bonds on the Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the Issuer determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the Issuer covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Register maintained by the Paying Agent and payment of such Bonds shall be made in accordance with the provisions of *Sections 3.2, 3.3, and 3.5*.

SECTION 3.7. *Mutilated, Destroyed, Lost, and Stolen Bonds.*

If (1) any mutilated Bond is surrendered to the Paying Agent, or the Issuer and the Paying Agent receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Issuer and the Paying Agent such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the Issuer shall

execute and upon its request the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer or the Paying Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 3.8. *Persons Deemed Holders.*

The Issuer, the Paying Agent, and any agent of the Issuer or the Paying Agent may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal (and Redemption Price) of and (subject to *Section 3.3*) interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Issuer, the Paying Agent, and any such agent shall be affected by notice to the contrary.

SECTION 3.9. *Cancellation.*

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent and, if not already canceled, shall be promptly canceled by the Paying Agent. The Issuer may at any time deliver to the Paying Agent for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Order. All canceled Bonds held by the Paying Agent shall be disposed of as directed by Issuer Request.

ARTICLE FOUR TAXES AND FUNDS

SECTION 4.1. *Establishment and Application of Funds.*

The Issuer hereby establishes or confirms establishment of, and agrees to maintain (so long as any Bond remains Outstanding) on its books of account, the funds and accounts described in this Article. The Issuer shall keep all money in such funds and accounts on deposit at a depository of the Issuer except when invested pursuant to *Section 4.3*. The Issuer shall credit and debit such funds and accounts, and invest and apply the money therein, solely as provided in this Article.

SECTION 4.2. *Bond Fund.*

To provide for the payment of the principal (and Redemption Price) of, interest on, and Paying Agent fees in respect of the Bonds, the Issuer shall maintain a special account (herein referred to as the “*Bond Fund*”) on its books of account as part of its interest and sinking fund. The Issuer shall credit to the Bond Fund:

- (1) on the Issue Date from the proceeds from the sale of the Bonds, an amount equal to the interest accruing on the Bonds from the Dated Date referred to in *Section 3.1C* to the Issue Date,
- (2) all receipts of taxes (and penalty and interest thereon) levied to provide for the payment of principal of and interest on (or fees and expenses of the Paying Agent with respect to) the Bonds,
- (3) all earnings from the investment of amounts credited to the Bond Fund, and
- (4) any other funds of the Issuer deposited to the Bond Fund to pay principal (or Redemption Price) of or interest on the Bonds.

The Issuer shall debit the Bond Fund on or before each Interest Payment Date and Redemption Date, to deposit with the Paying Agent the amount of principal and Redemption Price of, interest on, and Paying Agent fees and expenses then due with respect to the Bonds. The Issuer shall account for debits made on a first-in, first-out (FIFO) basis, *except* that earnings from the investment of amounts credited to the Bond Fund shall be debited prior to any taxes, penalty, and interest *if* such earnings are realized prior to the Interest Payment Date immediately preceding such debit and otherwise shall be debited only after the debit of other money credited to the Bond Fund.

SECTION 4.3. *Investments and Security for Funds.*

Subject to *Section 5.4*, the Governing Body may deposit money held for the credit of any fund or account established or confirmed by this Order in time or demand deposits and

may invest such money in any obligation authorized by law at the time of such investment. Any such obligation shall mature, or shall be subject to redemption by the holder thereof at the option of the holder, not later than the respective dates when money is expected to be required for the purposes intended. Obligations so purchased as an investment of money credited to any such fund or account shall at all times be deemed to be a part of such fund or account. The interest accruing on obligations so purchased or on such interest-bearing time deposits and any profit realized from the investment of money held for the credit of any such fund or account shall be deposited to the credit of such fund or account. Any loss resulting from the investment of money held for the credit of any such fund or account shall be charged to such fund or account.

Each fund and account established or confirmed by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer, *subject to Section 5.4.*

SECTION 4.4. *Pledge and Levy of Taxes.*

For each year while any Bond is Outstanding and the Issuer remains in existence there shall be and is hereby levied and assessed a continuing direct annual ad valorem tax upon each \$100 valuation of taxable property within the Issuer at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes (including amounts credited to the Residual Account), (1) to pay interest on the Bonds as it becomes due, (2) to provide for the payment of the principal of the Bonds when due or the Redemption Price at any earlier required Redemption Date, and (3) to pay the expenses of assessing and collecting such tax. The Issuer shall timely assess and diligently collect such tax and apply the collections thereof solely as provided herein.

The Issuer agrees to levy sufficient taxes, full allowance being made for anticipated delinquencies, to pay, together with revenues and receipts from other sources legally available for such purposes, all of its debt obligations payable in whole or in part from taxes. Each order of the Governing Body levying and establishing the rate of ad valorem taxes shall specify (a) the portion of such rate levied to pay principal (and Redemption Price) of, interest on, and Paying Agent fees and expenses with respect to the Bonds (including allowable delinquencies), (b) the portion, if any, of such rate levied to pay other bonds and contractual obligations of the Issuer payable in whole or in part from taxes, and (c) the portion, if any, of such rate levied for operating and maintenance purposes. All collections of ad valorem taxes, including penalty and interest attributable thereto, and all expenses of assessing and collecting such taxes shall be allocated among such purposes in proportion to the respective levies in the tax year with respect to which such taxes are owed. For so long as any Bond remains Outstanding, all collections of Issuer taxes levied to pay debt service requirements on the Bonds, less allocable expenses of assessing and collecting such taxes, shall be deposited not less frequently than monthly to the Bond Fund.

SECTION 4.5. *Deposit Letter; Funding of Defeasance; Discharge of Refunded Obligations; Redemption of Refunded Obligations.*

1) *Authorization of Deposit Letter.* The provisions of the Deposit Letter are hereby approved in substantially in the form presented to the Governing Body on the date of adoption of this Order and, upon completion of the terms of the Deposit Letter in accordance with the terms of the Officer's Pricing Certificate, the President and the Vice President of the Governing Body, or either of them, and the Secretary and any Assistant or Acting Secretary of the Governing Body, or any of them, are hereby authorized to execute and deliver the Deposit Letter.

2) *Funding of Defeasance.* Promptly after the delivery of the Bonds, the respective amounts received from the sale of the Bonds and held for the account of the interest and sinking fund of the Issuer which are specified in the Officer's Pricing Certificate shall be deposited in immediately available funds with the paying agent for the Refunded Obligations (the "*Prior Paying Agent*") and held in trust for the purposes of providing for the full and complete discharge and final payment of all the outstanding Refunded Bonds. The Governing Body hereby further finds and determines that amounts held in the interest and sinking fund of the Issuer in excess of the amount specified in the Deposit Letter are reasonably required to insure timely payment of debt service on tax-supported obligations of the Issuer and that all amounts held in the operating fund of the Issuer are reasonably required to pay costs of operating and maintaining the properties of the Issuer. The Governing Body therefore finds and determines that none of the amounts held in such interest and sinking fund or operating fund are surplus.

3) *Required Reserves.* The Governing Body hereby further finds and determines that amounts held in the interest and sinking fund of the Issuer in excess of the amount specified in the Officers Pricing Certificate are reasonably required to insure timely payment of debt service on tax-supported obligations of the Issuer and that all amounts held in the operating fund of the Issuer are reasonably required to pay costs of operating and maintaining the properties of the Issuer. The Governing Body therefore finds and determines that none of the amounts held in such interest and sinking fund or operating fund are surplus or should be applied to refund and redeem the Refunded Obligations.

4) *Redemption of Refunded Obligations.* Upon confirmation by the President or Vice President of the Governing Body in the Officer's Pricing Certificate, the Issuer irrevocably exercises its option to call the Refunded Obligations for redemption, and hereby calls for redemption on the earliest date on which each series of Refunded Obligations may be called for redemption (as specified in the Officer's Pricing Certificate). The President and the Vice President of the Governing Body of the Issuer, or either of them, are authorized and instructed to give or effect notice of such redemption to the paying agent for the Refunded Obligations to be so redeemed by delivery of a certified copy of this Order and to the holders of such Refunded Obligations and appurtenant coupons, by publication or mail in the manner described in such bonds, promptly on or after the Issue Date. The Governing Body hereby authorizes and instructs the officers of the Governing Body, the paying agent for the Refunded

Obligations, and the Refunded Bonds Paying Agent to take such steps as are necessary to accomplish the redemption and the discharge of the Refunded Obligations in accordance with the provisions hereof.

ARTICLE FIVE COVENANTS

SECTION 5.1. *To Maintain Agency.*

The Issuer will at all times maintain an agency, meeting the qualifications herein described, for the performance of the duties of the Paying Agent hereunder. The Bank of New York Mellon Trust Company, N.A., is hereby appointed Paying Agent for such purposes. The Paying Agent may be removed from its duties hereunder at any time with or without cause by action of the Governing Body entered in its minutes and not less than 30 days' notice to each Bondholder specifying the substitution of another Paying Agent, the effective date thereof, and the address of such successor Paying Agent, *but* no such removal is effective until such successor has accepted the duties of the Paying Agent hereunder by written instrument.

Every Paying Agent appointed hereunder shall at all times be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000, subject to supervision or examination by federal or state authority, and registered as a transfer agent with the Securities and Exchange Commission. If such corporation publishes reports of condition at least annually pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The terms of the Paying Agency Agreement with the initial Paying Agent are hereby approved substantially in the form and to the effect presented to the Governing Body on the date hereof, and the President and the Vice President of the Governing Body, or either of them, and the Secretary and any Assistant or Acting Secretary of the Governing Body, or any of them, are hereby authorized to execute and deliver such Transfer and Paying Agency Agreement for and on behalf of the Issuer.

SECTION 5.2. *To Maintain and Insure Property.*

To the extent prudent and ordinary for political subdivisions of types and operating properties similar to the Issuer, the Issuer shall maintain its properties in good condition and repair, ordinary wear and tear and obsolescence excepted, and operate such properties in an efficient manner and at a reasonable cost.

The Issuer shall maintain insurance on or self-insure its properties of a kind and in an amount which usually would be carried by private companies operating similar properties and engaged in a similar type of business, but considering any governmental immunities to which the Issuer may be entitled.

The Issuer shall obtain and comply with the terms and conditions of all franchises, permits, and authorizations obtained from any other governmental agency applicable to or

necessary with respect to its properties and shall keep all such franchises, permits, and authorizations in full force and effect.

The Issuer shall not mortgage or otherwise encumber the facilities for which the Bonds were issued, or any part thereof, or sell, lease, or otherwise dispose of any substantial portion of such facilities unless in order to cooperate with other political subdivisions or entities to provide for a regional waste disposal or water supply system.

SECTION 5.3. *To Keep and Audit Books and Permit Inspections.*

The Issuer shall keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year. Such audits shall be in accordance with applicable law, rules, and regulations in effect from time to time, including particularly Texas Water Code sections 49.194 *et seq.* as amended, and the *Water District Accounting Manual* adopted by the Commission. A copy of such audit shall be filed in the office of the Issuer and shall be open to inspection by any interested person during normal office hours. The Issuer shall allow any Holders of not less than 25% in principal amount of the Bonds then Outstanding to inspect the properties of the Issuer and all records, accounts, and data of the Issuer relating thereto at all reasonable times and shall furnish a copy of such audit report to any such Holders upon their request.

SECTION 5.4. *To Maintain Tax-Exempt Status of Bonds.*

A. *Not to Cause Interest to Become Taxable.* The Issuer shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Issuer shall comply with each of the specific covenants in this Section.

B. *No Private Use or Private Payments.* Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality

thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the Issuer or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

C. *No Private Loan.* Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

D. *Not to Invest at Higher Yield.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Bonds.

E. *Not Federally Guaranteed.* Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Issuer shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

F. *Information Report.* The Issuer shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

G. *Rebate of Arbitrage Profits.* Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The Issuer shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged.

However, to the extent permitted by law, the Issuer may commingle Gross Proceeds of the Bonds with other money of the Issuer, provided that the Issuer separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Issuer shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The Issuer shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Issuer shall pay to the United States out of its general fund, other appropriate fund, or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The Issuer shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

H. *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection G of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

I. *Elections.* The Issuer hereby directs and authorizes the President and Vice President, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

J. Bonds Not Hedge Bonds.

(1) At the time the original bonds refunded by the Bonds were issued, the Issuer reasonably expected to spend at least 85% of the spendable proceeds of such bonds within three years after such bonds were issued.

(2) Not more than 50% of the proceeds of the original bonds refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K. Current Refunding. The Bonds are being issued exclusively to pay and discharge in full the Refunded Obligations and such payment of the Refunded Obligations will occur within ninety (90) days after the issuance of the Bonds.

SECTION 5.5. Right to Mandamus.

If the Issuer shall default in the payment of the principal of or interest on the Bonds when due or in the observance or performance of any of the covenants, conditions, or obligations set forth in this Order, any Bondholder shall, in addition to all other rights and remedies of such Bondholder provided by the laws of the State of Texas, be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Governing Body and other officers of the Issuer to make such payment or to observe and perform such covenant, obligation, or condition. No delay or omission by any Bondholder to exercise any right or power accruing to such Bondholder upon default shall impair any such right and power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE SIX DEFEASANCE

SECTION 6.1. *Discharge of Obligations.*

Any Bond shall be deemed to be paid and shall no longer be considered to be a Bond within the meaning of this Order when payment of the principal of and interest on such Bond to the Stated Maturity thereof or (if notice of redemption shall have been duly given, irrevocably provided for, or waived as provided herein) to the Redemption Date shall have been made or shall have been provided for by deposit with the Paying Agent for such payment (or with any other bank or trust company which has agreed to hold the same for such purpose) (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to make such payment, *provided* that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company).

If such deposit is made for some but not all of the Bonds then Outstanding, the Issuer shall designate the Stated Maturities of Bonds for which such deposit is made. If such deposit shall be sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent shall deem fair and appropriate and which may provide for the selection of portions (equal to \$5,000 or any integral multiple thereof) of the principal amount of Bonds of a denomination larger than \$5,000.

Notwithstanding anything herein to the contrary, no such deposit shall have the effect described in this Section if made during the subsistence of a default in the payment of any Bond unless made with respect to all of the Bonds then Outstanding. When such deposit is made, it shall be accompanied by an opinion of counsel of recognized standing in the field of federal income taxation to the effect that neither such deposit nor the investment thereof shall adversely affect the excludability of interest on any Bond from the gross income of any owner thereof for federal income tax purposes, though delivery of such opinion is not a condition precedent to the effectiveness of any deposit hereunder.

Any money and Governmental Obligations deposited for such purpose shall be held by the Paying Agent (or other bank or trust company) with which such deposit is made in a segregated account in trust or escrow for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on such Bonds when due, *except* that cash receipts may be withdrawn and paid to the Issuer provided the date and amount of such withdrawals are taken into account in the most recent verification of the accounting firm referred to in this Section. No

money or Governmental Obligations so deposited shall be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment.

At such times as a Bond are deemed to be paid hereunder, as aforesaid, it shall no longer be entitled to the benefits of this Order, except for the purposes of any such payment from such money or Governmental Obligations, and for the provisions of *Sections 3.5 and 3.7* relating to transfer, exchange, and replacement of Bonds and the covenants of the Issuer contained in *Section 5.4*.

ARTICLE SEVEN SALE

SECTION 7.1. *Sale.*

The sale of the Bonds to the initial purchasers specified in the Officer's Pricing Certificate (the “*Purchaser*” having all the rights, benefits, and obligations of a Holder) is hereby approved and confirmed, and is in accordance with the terms and conditions set forth in the Bond Purchase Agreement with such customary terms, representations, and warranties as may be presented to the Governing Body (or in the President’s absence, Vice President of the Governing Body) in connection with delivery of the Officer's Pricing Certificate, which terms and conditions by execution of the President of the Governing Body (or in the President’s absence, the Vice President of the Governing Body) are found and determined to be the most advantageous reasonably obtainable by the Issuer. Upon the completion of the terms of the Bond Purchase Agreement in accordance with the terms of the Officer's Pricing Certificate and this Order, the President and the Vice President of the Governing Body, or either of them, are hereby authorized and instructed to execute and deliver the Bond Purchase Agreement substantially in such form and to such effect for and on behalf of the Issuer and as the act and deed of the Governing Body.

SECTION 7.2. *Official Statement.*

The Governing Body hereby authorizes and approves, in connection with the sale of the Bonds, the preparation and distribution of a Preliminary Official Statement relating to the Bonds and a final Official Statement containing such additional information and amendments as may be necessary to conform to the terms of the Bonds, the Officer's Pricing Certificate, and this Order.

The Issuer hereby ratifies and confirms that the Preliminary Official Statement approved by this Section constitutes an Official Statement of the Issuer with respect to the Bonds that was deemed “final” by the Issuer as of its date, except for the omission of no more than the information permitted by Subsection (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein.

SECTION 7.3. *Power to Revise Form of Documents.*

The documents presented to the Governing Body on the date of adoption of this Order, including but not limited to the Bond Purchase Agreement, the Deposit Letter and the Transfer and Paying Agency Agreement, shall be completed using the information from the Officer’s Pricing Certificate and the officers of the Issuer are each authorized to execute such documents as completed.

Notwithstanding any other provision of this Order, the officers of the Issuer are each hereby authorized to make or approve such revisions, additions, deletions, and variations to this Order and in the form of such documents as, in the judgment of the President of the Board, and in the opinion of Bond Counsel to the Issuer, may be necessary or convenient to carry out or assist in carrying out the purposes of this Order, the Bond Purchase Agreement, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Governing Body.

ARTICLE EIGHT CONTINUING DISCLOSURE UNDERTAKING

SECTION 8.1. *Annual Reports.*

The Issuer shall provide annually to the MSRB via EMMA, within six months after the end of each fiscal year of the Issuer ending in or after 2021, financial information and operating data with respect to the Issuer of the general type included in the Official Statement for the Bonds, being the information described in *Exhibit B* hereto. If audited financial statements for the Issuer are not available within such period, then the Issuer shall provide its audited financial statements for the applicable fiscal year to the MSRB via EMMA when such audited financial statements become available.

If the Issuer changes its fiscal year, the Issuer will notify the MSRB via EMMA of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB via EMMA or filed with the SEC.

SECTION 8.2. *Material Event Notices.*

The Issuer shall notify the MSRB via EMMA, in a timely manner not in excess of 10 business days, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- 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 material events affecting the tax status of the Bonds;

- 7) Modifications to rights of holders 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 Issuer, which shall occur as described below;
- 13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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; and
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- 15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, 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 the financial obligation of the obligated person, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and (b) the Issuer intends

the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The Issuer shall notify the MSRB via EMMA, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with *Section 8.1* by the time required by such Section.

SECTION 8.3. *Limitations, Disclaimers, and Amendments.*

The Issuer shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give the notice required by *Section 8.2* of any Bond calls and defeasance that cause the Issuer to be no longer such an “obligated person.”

The provisions of this Article are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other Person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Article shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Article may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law,

or a change in the identity, nature, status, or type of operations or businesses of the Issuer, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in a primary offering of the Bonds in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Article, the Issuer shall include with any amended financial information or operating data next provided in accordance with *Section 8.1* an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also repeal or amend the provisions of this Article if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Article in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in a primary offering of the Bonds.

SECTION 8.4. *Definitions.*

As used in this Article, the following terms have the meanings ascribed to such terms below:

“*EMMA*” means the Electronic Municipal Market Access system.

“*Financial Obligation*” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

* * *

This Order shall be in force and effect from and after its passage, and it is so ordered.

OFFICER'S PRICING CERTIFICATE

Re: Harris County Municipal Utility District No. 109
Unlimited Tax Refunding Bonds, Series 2021

I, the undersigned President of the Governing Body of Harris County Municipal Utility District No. 109 (the "Issuer") do hereby make and execute this Certificate pursuant to an Order adopted by the Governing Body of the Issuer on September 21, 2021 (the "Bond Order"), authorizing the issuance of the referenced bonds. Capitalized terms used in this Certificate shall have the meaning given such terms in the Bond Order.

1. As authorized by *Section 3.1* of the Bond Order, I have acted on behalf of the Issuer in selling the Bonds to the Purchaser, as underwriter named in the Bond Purchase Agreement authorized and approved pursuant to *Section 7.1* of the Bond Order, for the sum of _____, with the Bonds having the following designations, terms, and provisions:

The Bonds are designated as the Issuer "UNLIMITED TAX REFUNDING BONDS, SERIES 2021" and shall be issued in the original aggregate principal amount of _____.

Interest on the Bonds is payable commencing on April 1, 2022, and each October 1 and April 1 thereafter.

The Bonds mature and are payable on the dates and in the respective principal amounts and interest rates set forth below, subject to prior redemption as set forth below:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
	\$	

2. The Bonds maturing on and after October 1, 2027, are subject to redemption prior to maturity, at the option of the Issuer on October 1, 2026, or any date thereafter, in whole or in part (but if less than all the Bonds of a single maturity are called for redemption, those bonds called shall be selected by lot or other customary random method by the Paying Agent/Registrar), for a redemption price of the principal thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

[Bonds maturing on Mandatory Redemption Dates are subject to mandatory redemption prior to maturity in the principal amounts and on the redemption dates set out below, at a price equal to such principal amounts plus accrued interest from the most recent interest payment date to such redemption dates:

Bonds maturing [Stated Maturity]						
<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;">Redemption Date (October 1)</td> <td style="text-align: center; width: 50%;">Principal <u>Amount</u></td> </tr> <tr> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td style="text-align: center;">(Stated Maturity)</td> <td></td> </tr> </table>	Redemption Date (October 1)	Principal <u>Amount</u>	\$		(Stated Maturity)	
Redemption Date (October 1)	Principal <u>Amount</u>					
\$						
(Stated Maturity)						

Such Bonds to be redeemed shall be selected by lot from and among the Bonds of such maturity then subject to redemption. The Issuer, at its option, may credit against any mandatory sinking fund redemption requirement Bonds of the maturity then subject to redemption which have been purchased and canceled by the Issuer or have been redeemed and theretofore applied as a credit against any mandatory sinking fund redemption requirement.]

3. The Issuer authorized \$[32,730,000] of unlimited tax refunding bonds at an election within the District on May 2, 2002, for the purposes of refunding any bonds or other evidences of indebtedness of the District;

The Board applies such voted authorization as follows:

Remaining Voted Refunding Authorization	Refunding Bond Principal	Refunded Obligation Principal	Voted Authorization Applied	Remaining Voted Authorization
\$[31,671,199.77]				

4. Pursuant to *Section 3.1* of the Bond Order, I hereby find and determine that:

- (i) the Bonds shall have a dated date of November 1, 2021;

(ii) the price to be paid for the Bonds is not be less than 95% of the aggregate original principal amount of the Bonds plus accrued interest, if any, thereon from their date to their delivery;

(iii) none of the Bonds bear interest at an interest rate which results in an initial yield greater than 15% per annum or in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, whichever is less;

(iv) the aggregate principal amount of the Bonds is less than \$8,000,000;

(v) the refunding of the Refunded Obligations meets all of the requirements of the City of Houston. The net present value savings achieved from issuance of the Bonds is \$_____, and the gross savings achieved from issuance of the Bonds is \$_____.

5. The Refunded Obligations are the obligations so specified in the Bond Order, maturing in the years ____ through _____.

6. The redemption of the Refunded Obligations on April 1, 2022 is hereby confirmed.

7. The Insurance Commitment with _____ is hereby accepted.

WITNESS MY HAND, this _____ day of _____, 2021

.....
President

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Article Eight of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Article are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

“DISTRICT DEBT,”

“TAX DATA,”

“THE SYSTEM,” and

The portions of the financial statements of the Issuer appended to the Official Statement, as Appendix A, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in such Article are generally accepted accounting principles for governmental units as promulgated by the Government Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with State laws or regulations.



September 21, 2021

President and Board of Directors
Harris County Municipal Utility District No. 109
Harris County, Texas

Re: Levy of 2021 Tax Rate

Dear Board Members:

The Harris County Appraisal District has recently certified the 2021 value for your district at \$599,422,348 and an additional \$109,189,574 remains uncertified. The uncertified value represents the owners' opinion of value under review and is the estimated minimum amount of value that will be ultimately certified by the Harris County Appraisal District. For the 2021 tax year, we anticipate the District will be classified as a Developing District for the purposes of determining the rollback tax rate. Last year, the District's value was certified at \$661,629,529 and the Board of Directors levied a total tax rate of \$0.48 per \$100 of assessed valuation. The tax rate was composed of a maintenance tax rate of \$0.165 per \$100 of assessed valuation and a debt service tax rate of \$0.315 per \$100 of assessed valuation. For illustration purposes, we have enclosed the cash flow analysis based upon our 2021 recommended debt service tax rate. This analysis is based upon the following assumptions:

- 1) A 2021 net taxable value of \$708,611,922 (an increase of approximately 7.10%);
- 2) 98% tax collections;
- 3) No growth beyond January 1, 2021;
- 4) Debt Service Fund balance of \$2,498,763 as of August 17, 2021;
- 5) Interest earnings of 0.50% on surplus funds; and
- 6) Adequate ending debt service coverage balances.

Based on this analysis, we are recommending the Board of Directors consider levying a 2021 total tax rate of \$0.48 per \$100 of assessed valuation composed of a maintenance tax rate of \$0.19 per \$100 of assessed valuation and a debt service tax rate of \$0.29 per \$100 of assessed valuation.

Sincerely,
Robert W. Baird & Co. Incorporated

A handwritten signature in black ink that reads "Jan Bartholomew". The signature is written in a cursive, flowing style.

Jan Bartholomew
Managing Director

Enclosure(s)

Harris County Municipal Utility District No. 109

2021 Debt Service Tax Rate Analysis

No Growth Beyond January 1, 2021 Certified Value

Year Ending 12/31	Beginning Fund Balance as of 08/17/2021	Fund Interest Earnings @ 0.500%	Other Income 1	Other Income 2	Prior Year Taxable AV	AV Growth Percentage	Tax Rate / \$100 of Assessed Value	Tax Collections @ 98.00%	Total Funds Available	Current Debt Service	Total Debt Service	Ending Balance	Debt Service Coverage %
2021	2,498,763	4,655			661,629,529			-	2,503,418	1,499,419	1,499,419	1,003,999	51.931%
2022	1,003,999	5,020			708,611,922	7.101%	0.290000	2,013,875	3,022,894	1,933,337	1,933,337	1,089,557	51.890%
2023	1,089,557	5,448			708,611,922		0.295000	2,048,597	3,143,602	2,099,760	2,099,760	1,043,843	49.496%
2024	1,043,843	5,219			708,611,922		0.295000	2,048,597	3,097,659	2,108,928	2,108,928	988,731	46.823%
2025	988,731	4,944			708,611,922		0.295000	2,048,597	3,042,272	2,111,625	2,111,625	930,646	43.973%
2026	930,646	4,653			708,611,922		0.295000	2,048,597	2,983,897	2,116,428	2,116,428	867,469	40.957%
2027	867,469	4,337			708,611,922		0.295000	2,048,597	2,920,403	2,117,996	2,117,996	802,408	37.802%
2028	802,408	4,012			708,611,922		0.295000	2,048,597	2,855,017	2,122,666	2,122,666	732,351	34.460%
2029	732,351	3,662			708,611,922		0.295000	2,048,597	2,784,610	2,125,238	2,125,238	659,372	30.928%
2030	659,372	3,297			708,611,922		0.295000	2,048,597	2,711,266	2,131,952	2,131,952	579,314	71.148%
2031	579,314	2,897			708,611,922		0.120000	833,328	1,415,538	814,244	814,244	601,295	73.111%
2032	601,295	3,006			708,611,922		0.120000	833,328	1,437,629	822,444	822,444	615,185	74.644%
2033	615,185	3,076			708,611,922		0.120000	833,328	1,451,589	824,163	824,163	627,426	75.570%
2034	627,426	3,137			708,611,922		0.120000	833,328	1,463,891	830,256	830,256	633,635	76.362%
2035	633,635	3,168			708,611,922		0.120000	833,328	1,470,130	829,781	829,781	640,349	76.887%
2036	640,349	3,202			708,611,922		0.120000	833,328	1,476,878	832,844	832,844	644,035	77.124%
2037	644,035	3,220			708,611,922		0.120000	833,328	1,480,583	835,063	835,063	645,520	77.256%
2038	645,520	3,228			708,611,922		0.120000	833,328	1,482,075	835,563	835,563	646,513	76.949%
2039	646,513	3,233			708,611,922		0.120000	833,328	1,483,073	840,188	840,188	642,885	76.278%
2040	642,885	3,214			708,611,922		0.120000	833,328	1,479,427	842,819	842,819	636,609	75.844%
2041	636,609	3,183			708,611,922		0.030000	208,332	848,124	839,363	839,363	8,761	
Totals		79,811	-	-			Average Tax Rate:	0.194000	26,944,260	29,514,073	29,514,073		

Maintenance taxes are levied at the discretion of the Board of Directors of the District. Should the Board determine that a maintenance tax is necessary, we estimate the following:

2020 M&O Tax Rate	\$ 0.16500	@ a 98.00% collections rate generated \$1,069,855.
Proposed 2021 M&O Tax Rate	\$ 0.19000	@ a 98.00% collections rate generates \$1,319,435.
Parity M&O Tax Rate	\$ 0.15410	@ a 98.00% collections rate generates \$1,070,132.
M&O Tax Rate to Balance 2022 Budget Excluding \$785k Capital Outlay	\$ 0.11500	@ a 98.00% collections rate generates \$798,606.
M&O Tax Rate to Balance 2022 Budget Including \$785k Capital Outlay	\$ 0.22750	@ a 98.00% collections rate generates \$1,579,850.
Maximum Authorized M&O Tax Rate	\$ 1.00000	
Value of One Penny	\$ 69,444	@ a 98.00% collections rate.

Last Year's Average Homestead Value	\$ 215,876
Last Year's Average Tax Bill	\$ 1,036
This Year's Average Homestead Value	\$ 235,100
This Year's Proposed Average Tax Bill	\$ 1,128
Percentage Change	8.91%
Value of One Penny on This Year's Average Tax Bill	\$ 24

Proposed 2021 Total Tax Rate	\$ 0.48000
Parity Tax Rate	\$ 0.44080
Type of District	Developing District
Total Rate to Avoid a Rollback Election	\$ 0.47600
2021 M&O Rollback Rate	\$ 0.16360 @ a 98.00% collections rate generates \$1,136,103.

CERTIFICATE FOR ORDER DESIGNATING OFFICER TO CALCULATE
AND PUBLISH TAX RATES AND TAKING OTHER
ACTIONS IN CONNECTION WITH THE LEVY OF A TAX FOR 2021

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

We, the undersigned officers of the Board of Directors (the “*Board*”) of Harris County Municipal Utility District No. 109 (the “*District*”) hereby certify as follows:

1. The Board convened in regular session, open to the public, on September 21, 2021, via teleconference at 1-346-248-7799 Meeting ID: 938 2747 2104 and at Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010, and the roll was called of the members of the Board, to-wit:

Owen H. Parker, President
Chris Green, Vice President
Cheryl Moore, Secretary
Robin Sulpizio, Assistant Secretary
Nancy Frank, Assistant Secretary

All members of the Board were present, except _____, thus constituting a quorum. Whereupon among other business, the following was transacted at such Meeting:

ORDER DESIGNATING OFFICER TO CALCULATE AND PUBLISH TAX RATES
AND TAKING OTHER ACTIONS IN CONNECTION WITH
THE LEVY OF A TAX FOR 2021

was duly introduced for the consideration of the Board and read in full. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of such Order, prevailed and carried by the following votes:

AYES: _____ NOES: _____

A true, full, and correct copy of the aforesaid Order adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in the Board’s minutes of such Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board’s minutes of such Meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of such Meeting, and that such Order would be introduced and considered for adoption at such Meeting and each of such officers and members consented, in advance, to the holding of such Meeting for such purpose; and such Meeting was open to the public, and public notice of the time, place, and purpose of such Meeting was given, all as required by Chapter 551, Texas Government Code, as amended, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this _____, 2021

HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 109

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)

ORDER DESIGNATING OFFICER TO CALCULATE
AND PUBLISH TAX RATES
AND TAKING OTHER ACTIONS IN CONNECTION
WITH THE LEVY OF A TAX FOR 2021

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

WHEREAS, the chief appraiser of the HCAD has prepared and certified to the Tax Assessor and Collector for the District, the District’s tax roll for 2021;

WHEREAS, an officer or employee designated by the Board of Directors (the “Board”) of the District is required to calculate and publish certain information in accordance with Section 49.236 of the Texas Water Code and the directions of the Comptroller of Public Accounts of the State of Texas (the “Comptroller”);

WHEREAS, the Board must determine the District’s development status to prepare such information;

WHEREAS, the Board must preliminarily decide the 2021 tax rate it proposes to adopt to enable it to publish notice and hold a hearing prior to adopting such tax rate;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109:

The Board hereby designates Mr. Tim Spencer, Tax Assessor and Collector for the District, as its representative to calculate and publish in the form prescribed by the Comptroller all information required by Section 49.236 of the Texas Water Code and the directions of the Comptroller.

The Board hereby finds that it is a developing water district as defined in Section 49.23602 of the Texas Water Code.

At a subsequent meeting, the Board shall consider a proposal to levy an ad valorem tax for the year 2021 at the rate of \$[0.48 per \$100 assessed valuation (\$0.16 per \$100 assessed valuation to pay principal and interest to service the District’s debts in the next year and \$0.32 per \$100 assessed valuation to fund maintenance and operating expenditures)].

The Board hereby calls a public hearing on the proposed tax rate at 6:00 p.m. on October 19, 2021, [via teleconference at 1-346-248-7799, Meeting ID: 981 0201 4803], and authorizes and instructs the Tax Assessor and Collector for the District to publish notice of such hearing in accordance with section 49.236 of the Texas Water Code.

The President or the Vice President and Secretary or Assistant Secretary are authorized on behalf of the Board to evidence adoption of this Order and to do any and all things appropriate or necessary to give effect to the intent hereof.

* * *

Harris County Municipal Utility District Number 109

Tax Collector's Report

Table of Contents

August 31, 2021

Cash Receipts and Disbursements	Page 1
Taxes Receivable Summary	Pages 2-3
Tax Collections Detail	Page 4
Taxes Receivable Detail	Pages 5-6

Disbursements for September 21, 2021:

#2158: Ad Valorem Appraisals Inc; Tax A/C Fee-9/2021	\$2,848.43
#2159: Perdue Brandon Fielder Collins & Mott; Tax Atty Fee: 8/2021	4,518.70
#2160: Harris County Appraisal District; Quarterly Assessment	<u>5,938.00</u>
Total Disbursements for September 21, 2021	<u>\$13,305.13</u>

Harris County Municipal Utility District Number 109

Tax Collector's Report
Current Period Covered: August 1, 2021 to August 31, 2021
Fiscal Year Beginning: June 1, 2020

<u>Cash Receipts and Disbursements</u>	<u>Current Period</u>	<u>Year to Date</u>
Cash Balance at Beginning of Period	\$392,829.89	\$284,759.24
Collections:		
2020 Tax Collections	18,388.79	3,119,879.11
2019 Tax Collections	764.87	98,861.63
2018 Tax Collections	338.82	9,293.27
2017 Tax Collections	14.22	3,180.70
2016 Tax Collections	13.31	-334.15
2006 Tax Collections	14.79	1,082.43
2005 Tax Collections	0.00	365.46
2004 Tax Collections	0.00	243.60
2003 Tax Collections	0.00	227.64
2002 Tax Collections	0.00	158.16
1996 Tax Collections	0.00	5.61
Penalty and Interest	3,667.48	48,490.02
Tax Attorney Fees	4,518.70	28,740.30
Overpayments	0.00	24,901.74
Interest Earned	<u>61.14</u>	<u>825.83</u>
Total Collections	27,782.12	3,335,921.35
Disbursements:		
Tax Assessor-Collector Fee	2,848.43	42,726.45
Tax Assessor-Collector Bond	0.00	500.00
Tax Attorney Fee	1,050.83	24,830.86
Data Processing Charges	0.00	4,019.25
Publication Cost	0.00	599.00
Appraisal District Quarterly Fee	0.00	28,853.49
Transfer to Bond Fund	0.00	2,026,071.40
Transfer to Maintenance Fund	0.00	1,053,928.57
Bank Charges	0.00	360.45
Refund Overpayments	<u>915.94</u>	<u>22,994.31</u>
Total Disbursements	<u>4,815.20</u>	<u>3,204,883.78</u>
Cash Balance at End of Period	<u>\$415,796.81</u>	<u>\$415,796.81</u>

Harris County Municipal Utility District Number 109

Tax Collector's Report Taxes Receivable Summary as of August 31, 2021

Taxes Receivable by Year

<u>Year</u>	<u>Adjusted Tax Levy</u>	<u>Collections To Date</u>	<u>Taxes Receivable</u>	<u>Percent Collected</u>
2020	\$3,175,107.72	\$3,119,879.11	\$55,228.61	98.26%
2019	3,084,631.17	3,060,636.37	23,994.80	99.22%
2018	2,906,879.16	2,894,004.66	12,874.50	99.56%
2017	2,895,613.63	2,884,736.00	10,877.63	99.62%
2016	2,808,690.61	2,800,193.68	8,496.93	99.70%
2015	2,573,712.76	2,566,451.82	7,260.94	99.72%
2014	2,301,769.82	2,295,749.86	6,019.96	99.74%
2013	2,097,527.32	2,092,901.91	4,625.41	99.78%
2012	2,071,519.13	2,068,010.99	3,508.14	99.83%
2011	2,121,714.06	2,118,584.76	3,129.30	99.85%
2010	2,138,895.52	2,135,737.86	3,157.66	99.85%
2009	2,160,628.25	2,157,589.91	3,038.34	99.86%
2008	2,142,045.24	2,139,597.48	2,447.76	99.89%
2007	2,084,977.70	2,082,208.47	2,769.23	99.87%
2006	2,108,720.67	2,106,415.30	2,305.37	99.89%
2005	2,197,283.24	2,195,543.57	1,739.67	99.92%
2004	2,010,295.69	2,007,622.69	2,673.00	99.87%
2003	1,863,011.08	1,860,553.26	2,457.82	99.87%
2002	1,743,166.99	1,742,780.89	386.10	99.98%
2001	1,705,006.18	1,704,772.45	233.73	99.99%
2000	1,630,288.09	1,630,151.22	136.87	99.99%
1999	1,482,019.84	1,481,978.10	41.74	100.00%
1998	1,346,040.98	1,345,882.41	158.57	99.99%
1997	1,218,889.39	1,218,854.71	34.68	100.00%
1996	1,156,053.10	1,156,021.00	32.10	100.00%
1995	1,130,565.24	1,130,545.88	19.36	100.00%
1994	1,124,058.85	1,124,058.85	0.00	100.00%
1993	1,075,288.28	1,075,288.28	0.00	100.00%
1992	1,056,792.83	1,056,792.83	0.00	100.00%
1991	1,062,453.27	1,062,453.27	0.00	100.00%
1990	918,308.87	918,308.87	0.00	100.00%
1989	894,403.45	894,403.45	0.00	100.00%
1988	856,779.83	856,779.83	0.00	100.00%
1987	853,204.06	853,204.06	0.00	100.00%
1986	857,037.29	857,037.29	0.00	100.00%
1985	793,674.23	793,674.23	0.00	100.00%
1984	760,460.05	760,460.05	0.00	100.00%
1982	<u>561,303.52</u>	<u>561,303.52</u>	<u>0.00</u>	<u>100.00%</u>
Totals	<u>\$64,968,817.11</u>	<u>\$64,811,168.89</u>	<u>\$157,648.22</u>	<u>99.76%</u>

Harris County Municipal Utility District Number 109

Tax Collector's Report Taxes Receivable Summary as of August 31, 2021

Tax Roll Information

<u>Year</u>	<u>Taxable Value</u>	<u>Annual Change</u>	<u>Debt Maintenance</u>		<u>Total Tax Rate</u>	<u>Exemptions</u>
			<u>Tax Rate</u>	<u>Tax Rate</u>		
2020	661,480,775	2.93%	0.31500	0.16500	0.48000	25,000 O/D
2019	642,631,304	8.33%	0.32000	0.16000	0.48000	25,000 O/D
2018	593,240,582	2.44%	0.36000	0.13000	0.49000	10,000 O/D
2017	579,121,338	7.22%	0.36000	0.14000	0.50000	10,000 O/D
2016	540,136,676	9.13%	0.41000	0.11000	0.52000	10,000 O/D
2015	494,944,745	11.81%	0.39000	0.13000	0.52000	10,000 O/D
2014	442,648,062	9.74%	0.39000	0.13000	0.52000	10,000 O/D
2013	403,370,606	1.26%	0.42000	0.10000	0.52000	10,000 O/D
2012	398,369,066	-2.37%	0.42000	0.10000	0.52000	10,000 O/D
2011	408,021,927	-0.80%	0.42000	0.10000	0.52000	10,000 O/D
2010	411,326,061	-1.01%	0.42000	0.10000	0.52000	10,000 O/D
2009	415,504,618	0.87%	0.42000	0.10000	0.52000	10,000 O/D
2008	411,931,758	2.74%	0.42000	0.10000	0.52000	10,000 O/D
2007	400,957,245	6.48%	0.42000	0.10000	0.52000	10,000 O/D
2006	376,557,265	2.83%	0.46000	0.10000	0.56000	10,000 O/D
2005	366,208,721	9.30%	0.50000	0.10000	0.60000	10,000 O/D
2004	335,049,282	7.91%	0.50000	0.10000	0.60000	10,000 O/D
2003	310,501,847	6.88%	0.50000	0.10000	0.60000	10,000 O/D
2002	290,527,832	5.63%	0.50000	0.10000	0.60000	10,000 O/D
2001	275,035,288	9.50%	0.52000	0.10000	0.62000	10,000 O/D
2000	251,170,142	15.23%	0.57367	0.07547	0.64914	10,000 O/D
1999	217,977,950	10.11%	0.60460	0.07540	0.68000	10,000 O/D
1998	197,957,174	10.43%	0.63000	0.05000	0.68000	10,000 O/D
1997	179,258,410	3.88%	0.63000	0.05000	0.68000	10,000 O/D
1996	172,555,210	2.26%	0.62000	0.05000	0.67000	10,000 O/D
1995	168,741,080	2.08%	0.62000	0.05000	0.67000	10,000 O/D
1994	165,302,770	4.54%	0.63000	0.05000	0.68000	10,000 O/D
1993	158,130,630	3.99%	0.63000	0.05000	0.68000	10,000 O/D
1992	152,056,520	-0.53%	0.64500	0.05000	0.69500	10,000 O/D
1991	152,870,970	6.44%	0.64500	0.05000	0.69500	10,000 O/D
1990	143,620,410	4.37%	0.58940	0.05000	0.63940	10,000 O/D
1989	137,600,530	4.39%	0.60000	0.05000	0.65000	10,000 O/D
1988	131,812,280	0.42%	0.60000	0.05000	0.65000	10,000 O/D
1987	131,262,160	-8.11%	0.60000	0.05000	0.65000	10,000 O/D
1986	142,839,550	-1.02%	0.55000	0.05000	0.60000	10,000 O/D
1985	144,304,410	4.37%	0.50000	0.05000	0.55000	10,000 O/D
1984	138,265,460	-1.22%	0.50000	0.05000	0.55000	10,000 O/D
1982	139,975,940	0.00%	0.35100	0.05000	0.40100	10,000 O/D

Harris County Municipal Utility District Number 109

Tax Collector's Report Tax Collections for August, 2021

<u>Property Owner</u>	<u>Account No</u>	<u>Tax Amount</u>	<u>Pen & Int</u>	<u>Atty/Cost</u>	<u>Overpaid</u>	<u>Total Pmt</u>
2020 Tax Collections:						
45 Accounts	Various Accounts	<u>\$18,388.79</u>	<u>\$3,254.05</u>	<u>\$4,206.96</u>	<u>\$0.00</u>	<u>\$25,849.80</u>
Total 2020 Tax Collections		<u>\$18,388.79</u>	<u>\$3,254.05</u>	<u>\$4,206.96</u>	<u>\$0.00</u>	<u>\$25,849.80</u>
2019 Tax Collections:						
Wilson Rita J	108-494-000-0037	\$704.47	\$218.39	\$184.57	\$0.00	\$1,107.43
Kingwood Glen HOA Inc	118-705-001-0061	0.48	0.15	0.13	0.00	0.76
Educational Advantage III LLC	2290641	<u>59.92</u>	<u>16.30</u>	<u>15.10</u>	<u>0.00</u>	<u>91.32</u>
Total 2019 Tax Collections		<u>\$764.87</u>	<u>\$234.84</u>	<u>\$199.80</u>	<u>\$0.00</u>	<u>\$1,199.51</u>
2018 Tax Collections:						
Mitchem Anna M	115-511-021-0036	\$260.56	\$109.44	\$74.00	\$0.00	\$444.00
4MK Logistics Inc	2274252	<u>78.26</u>	<u>33.65</u>	<u>22.38</u>	<u>0.00</u>	<u>134.29</u>
Total 2018 Tax Collections		<u>\$338.82</u>	<u>\$143.09</u>	<u>\$96.38</u>	<u>\$0.00</u>	<u>\$578.29</u>
2017 Tax Collections:						
Ricardo D Martinez	2221041	<u>\$14.22</u>	<u>\$10.03</u>	<u>\$4.85</u>	<u>\$0.00</u>	<u>\$29.10</u>
Total 2017 Tax Collections		<u>\$14.22</u>	<u>\$10.03</u>	<u>\$4.85</u>	<u>\$0.00</u>	<u>\$29.10</u>
2016 Tax Collections:						
Ricardo D Martinez	2221041	<u>\$13.31</u>	<u>\$11.14</u>	<u>\$4.89</u>	<u>\$0.00</u>	<u>\$29.34</u>
Total 2016 Tax Collections		<u>\$13.31</u>	<u>\$11.14</u>	<u>\$4.89</u>	<u>\$0.00</u>	<u>\$29.34</u>
2015 Tax Collections:						
Ricardo D Martinez	2221041	<u>\$14.79</u>	<u>\$14.33</u>	<u>\$5.82</u>	<u>\$0.00</u>	<u>\$34.94</u>
Total 2015 Tax Collections		<u>\$14.79</u>	<u>\$14.33</u>	<u>\$5.82</u>	<u>\$0.00</u>	<u>\$34.94</u>
Summary of Other Collections			<u>\$3,667.48</u>	<u>\$4,518.70</u>	<u>\$0.00</u>	27,720.98
Interest Earnings						<u>61.14</u>
Total Collected during Month						<u>\$27,782.12</u>

Harris County Municipal Utility District Number 109

Tax Collector's Report Taxes Receivable Detail as of August 31, 2021

Property Owner	Account No.	2019 Tax	2018 Tax	2017 Tax	2016 Tax	Prior Yrs
Guniganti Prabhakar	045-005-000-0125	\$0.00	\$0.81	\$0.00	\$0.00	\$0.00
Wu & Chen Investment LLC	102-063-000-0008	248.01	0.00	0.00	0.00	0.00
D:Vineyard Travis & Danelle	102-065-000-0007	552.96	581.84	593.71	617.46	1,017.41
Extreme Remodeling LLC	102-066-000-0020	4.20	4.29	4.38	4.55	0.00
State of Texas	102-066-000-0021	0.00	1.76	0.00	0.00	0.00
Gaddis John M	102-068-000-0021	758.83	0.00	0.00	0.00	0.00
D:Catlin Steven L	102-069-000-0004	89.07	77.52	0.00	0.00	0.00
P:Sweeney Bryan A	108-492-000-0020	0.00	0.00	394.05	0.00	0.00
D:Brown-Sullinger Kelly	108-492-000-0027	718.43	758.71	774.20	735.35	762.48
D:Strengel Kris C	108-494-000-0020	747.60	859.70	868.56	816.45	4,533.36
Wilson Dewey M	108-497-000-0032	603.40	708.16	722.61	682.71	0.00
State of Texas	108-497-000-0047	0.00	23.50	0.00	0.00	0.00
D:Key Sherry R	109-142-000-0001	484.90	360.88	123.40	0.00	0.00
S:Cruz Sara	109-142-000-0006	0.00	0.00	579.11	499.20	0.00
D:Cartwright Ed & Diane	109-142-000-0034	526.44	550.92	533.51	499.68	2,196.14
D:Brokaw Sharon	109-144-000-0002	444.96	475.30	0.00	496.33	0.00
Deutsche Bank National Tru	109-144-000-0007	660.75	0.00	0.00	0.00	0.00
S:Deyle Kurt	111-527-000-0010	611.68	576.66	57.52	0.00	0.00
Deyle Kurt	111-527-000-0013	0.00	0.00	0.00	532.95	640.96
Dupree Ruth J Estate	111-530-000-0011	518.57	0.00	0.00	0.00	0.00
Barbosa Jose A Jr & Claudia	111-766-000-0024	892.05	0.00	0.00	0.00	0.00
Brown Joseph J Jr & Caroly	113-132-000-0010	237.96	0.00	0.00	0.00	0.00
Echevarria Pablo Luis	113-137-000-0014	567.29	0.00	0.00	0.00	0.00
Warmuth John J	113-142-000-0028	0.00	50.00	0.00	0.00	0.00
Bjornaas Kevin Estate	114-139-009-0007	661.00	578.20	0.00	0.00	0.00
S:Jackson Keshell	114-139-009-0015	652.30	612.80	625.31	620.03	0.00
Chicosky Gregory P	114-139-010-0017	563.41	0.00	0.00	0.00	0.00
D:Paxton Roy C & Debbie M	114-139-010-0036	379.35	0.00	188.48	0.00	0.00
D:Gonzalez Virginia	114-139-015-0003	487.49	527.53	488.00	0.00	0.00
Geibe Virginia	114-139-015-0004	477.24	0.00	0.00	0.00	0.00
D:Cook Julia S	114-139-015-0036	432.25	468.45	478.01	471.60	1,481.13
Seward B Randolph	114-139-017-0014	418.15	463.62	0.00	0.00	0.00
P:Rodriguez Able	114-139-017-0043	336.02	0.00	0.00	0.00	0.00
Routh Ronald & Sarah	114-350-013-0028	916.52	0.00	0.00	0.00	0.00
Cruz Rosa L	114-350-015-0008	0.00	305.50	0.00	0.00	0.00
Jones Edward A & Agnes	114-350-015-0047	0.00	0.00	0.00	0.78	0.00
Blow Frederick E & Cheryl	114-350-015-0118	0.00	1,036.24	1,057.39	0.00	0.00
D:Harris Virginia B	114-350-016-0083	855.21	868.88	844.16	794.67	1,857.00
State of Texas	115-346-000-0002	0.00	8.33	0.00	0.00	0.00
Mangini Debra D	115-511-021-0031	1,038.86	0.00	0.00	0.00	0.00
S:Mitchem Anna M	115-511-021-0036	1,086.42	644.03	0.00	0.00	0.00
State of Texas	115-813-000-0005	0.00	2.00	0.00	0.00	0.00
State of Texas	116-275-000-0416	0.00	91.06	0.00	0.00	0.00
Continental Land Owners	116-276-000-0312	0.48	0.49	0.00	0.00	0.00
Rosques Sandra P	116-276-000-0580	2,976.58	0.00	0.00	0.00	0.00
Harris Jack L & Diana L	119-848-003-0002	895.66	916.39	0.00	0.00	0.00
State of Texas	137-755-001-0003	99.70	0.00	0.00	0.00	0.00
Allstate Insurance Company	0435798	81.25	0.00	0.00	0.00	0.00
Sears Holdings	2048505	1,714.12	0.00	0.00	0.00	0.00
Digital Professionals Compl	2064780	21.63	21.89	22.15	22.89	44.79
Compro Tax	2128836	8.27	0.00	0.00	0.00	0.00
B & L Capital Inc	2154083	15.90	24.08	27.55	28.66	82.99
Kevin R Culp	2157330	43.58	46.42	52.56	57.45	166.38

Harris County Municipal Utility District Number 109

Tax Collector's Report Taxes Receivable Detail as of August 31, 2021

<u>Property Owner</u>	<u>Account No.</u>	<u>2019 Tax</u>	<u>2018 Tax</u>	<u>2017 Tax</u>	<u>2016 Tax</u>	<u>Prior Yrs</u>
Dupree Express Trucking	2172915	86.07	99.37	223.95	257.90	4.17
Motolease Financial LLC	2200564	21.52	0.00	0.00	0.00	0.00
ARC Insurance Agency	2209050	43.75	44.66	45.57	47.39	0.00
Jemes Lewis	2213148	31.25	39.75	89.38	99.06	0.00
Newtex Wine and Spirit	2248152	319.27	319.90	320.09	0.00	0.00
RB Mobile Repair	2274611	86.44	86.77	0.00	0.00	0.00
XCL Titling Trust	2275057	0.00	42.80	0.00	0.00	0.00
JM and MS Inc	2275721	0.00	0.00	476.50	0.00	0.00
Taquera Las Maragitas LLC	2281228	140.33	142.75	0.00	0.00	0.00
Metro PCS	2287557	45.43	45.71	0.00	0.00	0.00
Phones-R-Us Inc	2289501	54.29	54.59	0.00	0.00	0.00
Angie's Mexican & Seafood	2289580	50.80	51.79	52.77	0.00	0.00
Tempoe	2325344	0.00	223.04	0.00	0.00	0.00
Tesla Inc	2329054	2.40	0.00	0.00	0.00	0.00
HS Granite & Cabinet Inc	2342853	60.99	0.00	0.00	0.00	0.00
Smokeys Smoke Shop	2344110	152.91	0.00	0.00	0.00	0.00
Prior Years Personal Property		<u>70.86</u>	<u>77.41</u>	<u>1,234.71</u>	<u>1,211.82</u>	<u>19,916.68</u>
Total Receivable		<u>\$23,994.80</u>	<u>\$12,874.50</u>	<u>\$10,877.63</u>	<u>\$8,496.93</u>	<u>\$32,703.49</u>



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

Harris County Municipal Utility District No. 109

Bookkeeper's Report

September 21, 2021

Cash Flow Report - Checking Account

As of September 21, 2021

Num	Name	Memo	Amount	Balance
BALANCE AS OF 08/18/2021				\$99,972.50
Receipts				
	HC 151 Water Supply		4,006.10	
	Accounts Receivable		119,810.81	
	Accounts Receivable		96,775.38	
	Insurance Dividend		400.00	
	City of Houston Rebate		8,363.37	
	Wire Transfer from Money Market		100,000.00	
Total Receipts				329,355.66
Disbursements				
14849	Hudson Energy	Utilities Expense	(9,005.72)	
14850	NHCRWA	Water Authority Fees	(158,021.55)	
14851	Nancy Frank	Fees of Office - 8/1/2021	(138.53)	
14852	Cheryl C. Moore	Fees of Office - 9/21/2021	(138.53)	
14853	Chris Green	Fees of Office - 9/21/2021	(138.52)	
14854	Nancy Frank	Fees of Office - 9/21/2021	(138.52)	
14855	Owen H. Parker	Fees of Office - 9/21/2021	(138.53)	
14856	Robin Sulpizio	Fees of Office - 9/21/2021	(138.52)	
14857	Cheryl C. Moore	Expenses	(29.95)	
14858	Chris Green	Fees of Office - 9/13/2021 & Expenses	(202.83)	
14859	Nancy Frank	Fees of Office - 9/13/2021 & Expenses	(168.48)	
14860	Owen H. Parker	Fees of Office - 8/24, 8/19, 9/7/2021 & Expenses	(455.81)	
14861	Robin Sulpizio	Expenses	(65.00)	
14862	Allen Kiel	Deposit Refund	(187.00)	
14863	Cameron L Cleveland	Deposit Refund	(15.29)	
14864	Charlotte Stevens	Deposit Refund	(24.15)	
14865	Deren Gatlin	Deposit Refund	(149.14)	
14866	Dexter Gutierrez	Deposit Refund	(22.66)	
14867	Diane Mazzie	Deposit Refund	(110.60)	
14868	Donna Elizabeth Anna Harvey	Deposit Refund	(99.12)	
14869	Erma & Billy Kendrick	Deposit Refund	(77.46)	
14870	Israel Lopez	Overpayment Refund	(11.37)	
14871	Kenneth & Barbara Farrar	Deposit Refund	(38.73)	
14872	La Toshia Scott	Overpayment Refund	(83.98)	
14873	Lakisha Davis	Deposit Refund	(92.20)	
14874	Laqwell Cheers	Deposit Refund	(130.45)	
14875	Laura Galvez	Deposit Refund	(88.29)	
14876	Lohit Datta-Barua	Deposit Refund	(76.60)	
14877	Michael & Meagan M Hamilton	Deposit Refund	(130.12)	
14878	Milton Pool	Deposit Refund	(94.80)	
14879	Myron & Rhonda Towner	Deposit Refund	(98.26)	
14880	Offerpad, LLC.	Deposit Refunds	(247.54)	
14881	Opendoor Labs, Inc	Deposit Refund	(151.22)	
14882	Orchard Property I, LLC	Deposit Refund	(53.57)	
14883	Patrick Luna	Deposit Refund	(95.23)	
14884	Randy Kruger	Overpayment Refund	(96.26)	
14885	Raul Vasquez III	Deposit Refund	(121.38)	
14886	Real Property Management	Deposit Refund	(185.00)	
14887	Romina Fernandez Siller	Deposit Refund	(90.39)	
14888	Sarah F Smith	Deposit Refund	(150.57)	
14889	Signpost Homes, Inc.	Deposit Refund	(120.68)	

Cash Flow Report - Checking Account

As of September 21, 2021

Num	Name	Memo	Amount	Balance
Disbursements				
14890	Stephen Bravo	Deposit Refund	(26.34)	
14891	Steven T Bales	Deposit Refund	(30.50)	
14892	TexasRenters.com, LLC	Deposit Refund	(123.65)	
14893	TX Home Assist, LLC	Deposit Refund	(95.12)	
14894	Damonay Duvernay	Deposit Refund	(128.39)	
14895	Atascocita Joint Operations Board	Schedule B & C Costs	(44,454.78)	
14896	BGE, Inc.	Engineering Fees	(13,031.39)	
14897	CDC Unlimited, LLC	Mowing Expense	(2,929.00)	
14898	Centerpoint Energy	Utilities Expense	(169.09)	
14899	DXI Industries	Chemical Expenses	(877.28)	
14900	Generator Service	Maintenance & Repairs	(1,197.50)	
14901	GFL Environmental	Garbage Expense	(205.69)	
14902	GM Inspection Services	Repairs & Maintenance	(800.00)	
14903	Grainger	Repairs & Maintenance	(80.38)	
14904	Harris County Treasurer	Patrol Services	(12,395.00)	
14905	Hudson Energy	Utilities Expense	(9,005.72)	
14906	Municipal Accounts & Consulting, L.P.	Bookkeeping Fees	(2,907.30)	
14907	Napco Chemicals	Chemicals Expense	(3,944.00)	
14908	Norton Rose Fulbright US LLP	Legal Fees	(4,558.65)	
14909	Today's Integration	Security Monitoring	(370.00)	
14910	USA Bluebook	Chemicals	(85.42)	
14911	Water Utility Services, Inc.	Laboratory Fees	(315.00)	
14912	WWWMS	Maintenance and Operations	(62,799.54)	
14913	NHCRWA	Water Authority Expense	0.00	
Ret Ck	BBVA	Customer Returned Check (2)	(123.91)	
Total Disbursements				(332,276.20)
BALANCE AS OF 09/21/2021				\$97,051.96

Cash Flow Report - Checking Account

As of September 21, 2021

Num	Name	Memo	Amount	Balance
BALANCE AS OF 08/18/2021				\$300.00
Receipts				
	Transfer from Money Market - Series 2017		36,465.46	
Total Receipts				36,465.46
Disbursements				
1103	BGE, Inc.	Engineering Fees	(11,121.46)	
1104	Schier Construction Company, Inc.	Pay Estimate No. 3 - Water Plant No. 2 Expansion	(25,344.00)	
Total Disbursements				(36,465.46)
BALANCE AS OF 09/21/2021				\$300.00

Account Balances

As of September 21, 2021

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
TEXAS REGIONAL BANK (XXXX3907)	03/02/2021	09/28/2021	0.20 %	245,000.00	
WALLIS BANK (XXXX1242)	02/16/2021	10/15/2021	0.20 %	240,000.00	
VERITEX COMMUNITY BANK (XXXX0447)	11/24/2020	11/24/2021	0.40 %	240,000.00	
BANCORPSOUTH (XXXX8606)	12/22/2020	12/22/2021	0.62 %	240,000.00	
TEXAS CAPITAL BANK (XXXX0459)	01/12/2021	01/12/2022	0.25 %	240,000.00	
FRONTIER BANK (XXXX2232)	01/16/2021	01/16/2022	0.50 %	240,000.00	
PLAINS STATE BANK (XXXX1359)	01/25/2021	01/25/2022	0.35 %	240,000.00	
SOUTH STAR BANK (XXXX0129)	02/19/2021	02/19/2022	0.25 %	240,000.00	
LONE STAR BANK (XXXX2426)	02/27/2021	02/27/2022	0.45 %	240,000.00	
UNITY NATIONAL BANK (XXXX4677)	08/30/2021	03/28/2022	0.25 %	245,000.00	
ALLEGIANCE BANK (XXXX0213)	04/22/2021	04/22/2022	0.20 %	240,000.00	
THIRD COAST BANK, SSB (XXXX8790)	09/14/2021	05/14/2022	0.30 %	240,000.00	
Money Market Funds					
TEXAS CLASS (XXXX0001)	03/22/2017		0.05 %	289,759.37	
Checking Account(s)					
BBVA USA-CHECKING (XXXX6351)			0.00 %	97,051.96	Checking Account
Totals for Operating Fund:				\$3,276,811.33	
Fund: Capital Projects					
Money Market Funds					
TEXAS CLASS (XXXX0002)	03/22/2017		0.05 %	2,317,090.70	Series 2017
Checking Account(s)					
BBVA USA-CHECKING (XXXX7755)			0.00 %	300.00	Checking Account
Totals for Capital Projects Fund:				\$2,317,390.70	
Fund: Debt Service					
Certificates of Deposit					
THIRD COAST BANK-DEBT (XXXX6273)	09/21/2020	09/21/2021	0.75 %	240,000.00	
SOUTH STAR BANK-DEBT (XXXX0072)	09/19/2020	09/22/2021	0.60 %	240,000.00	
PIONEER BANK-DEBT (XXXX2151)	03/19/2021	03/19/2022	0.29 %	240,000.00	
FRONTIER BANK - DEBT (XXXX2636)	08/30/2021	08/30/2022	0.50 %	240,000.00	
Money Market Funds					
BBVA USA-DEBT (XXXX7305)	02/15/2017		0.00 %	1,906.72	
TEXAS CLASS (XXXX0003)	03/22/2017		0.05 %	1,536,462.32	
Totals for Debt Service Fund:				\$2,498,369.04	
Grand total for Harris County MUD No. 109:				\$8,092,571.07	

Harris County MUD 109
Capital Projects Fund Breakdown
September 21, 2021

Net Proceeds for All Bond Issues

Receipts

Series 2017 - Bond Proceeds	\$12,100,000.00
Series 2017 - Interest Earnings	238,711.78

Disbursements

Series 2017 - Disbursements (Attached)	(10,021,321.08)
--	-----------------

Total Cash Balance	<u><u>\$2,317,390.70</u></u>
---------------------------	-------------------------------------

Balances by Account

Checking - Compass Bank (3518)	\$300.00
Series 2017 MM - Texas Class (0002)	2,317,090.70

Total Cash Balance	<u><u>\$2,317,390.70</u></u>
---------------------------	-------------------------------------

Balances by Bond Series

Series 2017 - Bond Proceeds	\$2,317,390.70
-----------------------------	----------------

Total Cash Balance	<u><u>\$2,317,390.70</u></u>
---------------------------	-------------------------------------

Remaining Costs/Surplus By Bond Series

Series 2017 - Remaining Costs	\$1,573,602.54
Proposed Surplus Project - WP 2 Expansion	743,788.16
Total Amount in Remaining Costs	<u><u>\$2,317,390.70</u></u>

Total Surplus & Interest Balance	\$0.00
---	---------------

Total Remaining Costs/Surplus	<u><u>\$2,317,390.70</u></u>
--------------------------------------	-------------------------------------

HARRIS COUNTY MUD 109
\$12,100,000 SERIES 2017
COST COMPARISON

<u>CONSTRUCTION COSTS</u>	<u>USE OF PROCEEDS</u>	<u>ACTUAL COSTS</u>	<u>REMAINING COSTS</u>	<u>VARIANCE (OVER)/UNDER</u>
A. Developer Items				
1. Rivergrove, Section 1 - Water, Wastewater & Drainage	191,360.00	191,359.51	0.00	0.00
2. Rivergrove, Section 2 - Water, Wastewater & Drainage	125,139.00	125,139.00	0.00	0.00
3. Rivergrove, Section 3 - Water, Wastewater & Drainage	353,345.00	353,344.99	0.00	0.00
4. Rivergrove, Section 4 - Water, Wastewater & Drainage	881,359.00	881,359.20	0.00	0.00
5. Rivergrove Drainage Swales	52,480.00	52,479.50	0.00	0.00
6. Rivergrove, Section 5 - Water, Wastewater & Drainage	668,281.00	603,157.27	0.00	65,123.73
7. Rivergrove, Section 6 - Water, Wastewater & Drainage	427,157.00	403,019.99	0.00	24,137.01
8. Rivergrove Clearing and Grubbing, Sections 1 & 2	33,135.00	33,135.00	0.00	0.00
9. Rivergrove Clearing and Grubbing, Section 3	15,524.00	15,524.00	0.00	0.00
10. Rivergrove Clearing and Grubbing, Section 4	20,155.00	20,154.50	0.00	0.00
11. Rivergrove Clearing and Interim Drainage, Sections 5-6	84,391.00	84,391.25	0.00	0.00
12. Kings Lake Estates Section 8 - Water, Wastewater & Drainage	1,851,399.00	1,851,398.80	0.00	0.00
13. Stormwater Pollution Prevention Plans	206,123.00	134,172.92	0.00	71,950.08
14. Geotechnical Reports and Materials Testing	124,233.00	80,105.42	0.00	44,127.58
15. Contingency	109,543.00	58,257.52	0.00	51,285.48
16. Engineering Fees	706,603.00	706,603.00	0.00	0.00
17. Rivergrove Due Diligence	34,023.00	34,023.41	0.00	0.00
Subtotal Developer Items	<u>5,884,250.00</u>	<u>5,627,625.28</u>	<u>0.00</u>	<u>256,623.88</u>
B. District Items				
1. Kings Lake Estates Lift Station No. 2 Improvements	371,240.00	362,689.62	0.00	8,550.38
2. Kings Lake Estates Lift Station No. 3	460,869.00	417,828.05	0.00	43,040.95
3. Water Plant No. 1 Elevated Storage Tank Recoating	500,000.00	500,000.00	0.00	0.00
4. Water Plant No. 2 Elevated Storage Tank Recoating	500,000.00	500,000.00	0.00	0.00
5. Water Plant No. 2 Buildout	1,600,000.00	91,260.00	1,508,740.00	0.00
6. Contingencies (10% of Items 1, 3-5)	297,124.00	253,400.00	43,724.00	0.00
7. Engineering (20.89% of Items 1-2)	173,812.00	160,240.92	0.00	13,571.08
8. Engineering (15% of Items 3-5)	390,000.00	368,861.46	21,138.54	0.00
Subtotal District Items	<u>4,293,045.00</u>	<u>2,654,280.05</u>	<u>1,573,602.54</u>	<u>65,162.41</u>
TOTAL CONSTRUCTION COSTS	<u>10,177,295.00</u>	<u>8,281,905.33</u>	<u>1,573,602.54</u>	<u>321,786.29</u>
<u>NON-CONSTRUCTION COSTS</u>				
A. Legal Fees	231,000.00	231,000.00	0.00	0.00
B. Fiscal Agent Fees	242,000.00	242,000.00	0.00	0.00
C. Interest				
1. Capitalized Interest (1 year @ 4.50%)	396,191.00	396,191.41	0.00	0.00
2. Developer Interest	383,273.00	383,272.81	0.00	0.19
D. Bond Discount (3.00%)	262,563.00	262,563.40	0.00	0.00
E. Bond Issuance Expenses	28,854.00	28,854.00	0.00	0.00
F. Attorney General Fee	9,500.00	9,500.00	0.00	0.00
G. TCEQ Bond Issuance Fee	30,250.00	30,250.00	0.00	0.00
H. Bond Application Report Cost	45,000.00	45,000.00	0.00	0.00
I. Rivergrove Studies	45,328.00	45,328.00	0.00	0.00
J. Contingency	248,746.00	65,456.13	0.00	183,289.87
TOTAL NON-CONSTRUCTION COSTS	<u>1,922,705.00</u>	<u>1,739,415.75</u>	<u>0.00</u>	<u>183,290.06</u>
TOTAL BOND ISSUE REQUIREMENT	<u>12,100,000.00</u>	<u>10,021,321.08</u>	<u>1,573,602.54</u>	<u>505,076.35</u>
			Interest Earned	238,711.78
			Total Surplus & Interest	743,788.16
			Total Remaining Bond Funds	2,317,390.70

Harris County MUD No 109 - GOF
Actual vs. Budget Comparison

August 2021

	August 2021			June 2021 - August 2021			Annual Budget	
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)		
Revenues								
14110	Water - Customer Service Revenu	27,548	44,783	(17,235)	119,707	134,350	(14,643)	537,400
14112	Surface Water - Reserve	135,916	133,000	2,916	343,912	388,000	(44,088)	1,215,000
14140	Connection Fees	1,250	808	442	3,125	2,425	700	9,700
14150	Tap Connections	0	1,250	(1,250)	0	3,750	(3,750)	15,000
14210	Sewer - Customer Service Fee	30,002	53,517	(23,514)	139,411	160,550	(21,139)	642,200
14220	Inspection Fees	801	842	(41)	2,403	2,525	(122)	10,100
14310	Penalties & Interest	4,181	3,333	848	7,313	10,000	(2,687)	40,000
14330	Miscellaneous Income	0	100	(100)	188	300	(112)	1,200
14340	COH Rebate	8,362	6,933	1,429	25,666	20,800	4,866	83,200
14350	Maintenance Tax Collections	0	0	0	0	0	0	1,068,216
14370	Interest Earned on Temp. Invest	20	1,181	(1,161)	75	3,542	(3,468)	14,169
14380	Interest Earned on Checking	0	33	(33)	0	100	(100)	400
14650	Water Sales to HC 151	1,032	860	172	2,956	2,580	376	10,320
Total Revenues		209,112	246,641	(37,528)	644,756	728,922	(84,166)	3,646,905
Expenditures								
16010	Operations - Water	9,364	6,942	2,422	23,392	20,825	2,567	83,300
16030	Operations - Sewer	2,325	2,308	17	6,958	6,925	33	27,700
16110	Tap Connection Expense	0	583	(583)	0	1,750	(1,750)	7,000
16120	Surface Water Fee	158,022	150,000	8,022	397,511	437,000	(39,489)	1,367,100
16130	Maintenance & Repairs - Water	30,304	34,125	(3,821)	65,881	102,375	(36,494)	409,500
16140	Chemicals - Water	4,797	3,492	1,305	10,993	10,475	518	41,900
16150	Laboratory Expense - Water	315	325	(10)	995	975	20	3,900
16160	Utilities	9,175	9,150	25	28,378	27,450	928	109,800
16180	Reconnections	860	633	227	2,200	1,900	300	7,600
16190	Disconnect Expense	0	283	(283)	0	850	(850)	3,400
16200	Mowing - Water	771	1,258	(487)	3,856	3,775	81	15,100
16210	Inspection Expense	0	75	(75)	0	225	(225)	900
16220	Purchase Sewer Service	44,435	43,025	1,410	133,249	129,075	4,174	516,302
16230	Maintenance & Repairs - Sewer	18,679	17,983	695	40,756	53,950	(13,194)	215,800
16240	Chemicals - Sewer	0	125	(125)	608	375	233	1,500
16250	Lab Fees - Sewer	0	158	(158)	57	475	(418)	1,900
16280	Mowing - Sewer	693	1,142	(448)	3,466	3,425	41	13,700
16320	Arbitrage Expense	0	0	0	0	0	0	3,250
16327	TCEQ Fees	0	0	0	0	0	0	5,900
16330	Legal Fees	4,335	4,417	(82)	13,535	13,250	285	53,000
16340	Auditing Fees	0	0	0	13,500	13,500	0	16,400
16350	Engineering Fees	6,871	6,667	205	20,218	20,000	218	80,000
16354	GIS Expense	0	167	(167)	0	500	(500)	2,000
16360	Garbage Expense	206	375	(169)	1,379	1,125	254	4,500
16370	Election Expense	0	0	0	0	0	0	10,000
16380	Permit Expense	0	0	0	0	0	0	7,200
16390	Telephone Expense	0	867	(867)	877	2,600	(1,723)	10,400
16420	Service Account Collection	2,181	2,083	98	6,572	6,250	322	25,000
16430	Bookkeeping Fees	2,622	2,792	(170)	9,054	8,375	679	33,500
16460	Printing & Office Supplies	2,253	2,442	(188)	7,981	7,325	656	29,300
16480	Delivery Expense	108	17	92	374	50	324	200
16520	Postage	2,755	2,792	(37)	8,320	8,375	(55)	33,500
16530	Insurance & Surety Bond	0	0	0	0	0	0	28,800
16540	Travel Expense	23	8	15	23	25	(2)	100
16550	Website Expense	0	67	(67)	188	200	(12)	800
16560	Miscellaneous Expense	321	308	12	1,089	925	163	3,700

Harris County MUD No 109 - GOF
Actual vs. Budget Comparison
 August 2021

	August 2021			June 2021 - August 2021			Annual Budget	
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)		
Expenditures								
16570	AWBD Expense	0	0	0	1,800	1,800	0	7,800
16580	Bank Fees	0	18	(18)	0	55	(55)	220
16590	Security Monitoring	370	1,242	(872)	370	3,725	(3,355)	14,900
16592	Security Patrol Expense	12,395	12,395	0	37,185	37,185	0	148,740
16600	Payroll Expenses	1,613	2,025	(412)	7,266	6,075	1,191	24,300
Total Expenditures		315,792	310,289	5,504	848,034	933,165	(85,132)	3,369,912
Other Revenues								
14720	Transfer from Operating Reserve	0	0	0	0	0	0	508,007
Total Other Revenues		0	0	0	0	0	0	508,007
Other Expenditures								
17000	Capital Outlay	11,163	11,000	163	12,298	12,300	(2)	785,000
17010	Capital Outlay - Barents Dr L/S	1,230	0	1,230	5,298	0	5,298	0
Total Other Expenditures		12,393	11,000	1,393	17,596	12,300	5,296	785,000
Excess Revenues (Expenditures)		(\$119,073)	(\$74,648)	(\$44,425)	(\$220,873)	(\$216,543)	(\$4,330)	\$0

Balance Sheet

As of August 31, 2021

Aug 31, 21

ASSETS

Current Assets

Checking/Savings

	320,302
<hr/>	
Total Checking/Savings	320,302

Other Current Assets

	3,279,759
	294,734
	75,164
	3,219
	23,304
	516,102
	257,585
<hr/>	
Total Other Current Assets	4,449,867
<hr/>	
Total Current Assets	4,770,170

TOTAL ASSETS

4,770,170

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

	233,846
<hr/>	
Total Accounts Payable	233,846

Other Current Liabilities

	75,164
	757
	270,831
	2,301
	7,191
	(26,882)
	(15,111)
<hr/>	
Total Other Current Liabilities	314,251
<hr/>	
Total Current Liabilities	548,097

Total Liabilities

Equity

	4,442,946
	(220,873)
<hr/>	
Total Equity	4,222,073

TOTAL LIABILITIES & EQUITY

4,770,170

District Debt Service Payments

09/01/2021 - 09/01/2022

Paying Agent	Series	Date Due	Date Paid	Principal	Interest	Total Due
Debt Service Payment Due 10/01/2021						
Bank of New York	2011 - Refunding	10/01/2021		580,000.00	40,500.00	620,500.00
Bank of New York	2013 - Refunding	10/01/2021		105,000.00	61,625.00	166,625.00
Regions Bank	2015 - Refunding	10/01/2021		70,000.00	72,122.40	142,122.40
Bank of New York	2017 - WS&D	10/01/2021		380,000.00	190,171.88	570,171.88
		Total Due 10/01/2021		1,135,000.00	364,419.28	1,499,419.28
Debt Service Payment Due 04/01/2022						
Bank of New York	2011 - Refunding	04/01/2022		0.00	28,900.00	28,900.00
Bank of New York	2013 - Refunding	04/01/2022		0.00	60,181.25	60,181.25
Regions Bank	2015 - Refunding	04/01/2022		0.00	71,215.50	71,215.50
Bank of New York	2017 - WS&D	04/01/2022		0.00	186,371.88	186,371.88
		Total Due 04/01/2022		0.00	346,668.63	346,668.63
		District Total		\$1,135,000.00	\$711,087.91	\$1,846,087.91

Harris County MUD No 109 - GOF

Annexations

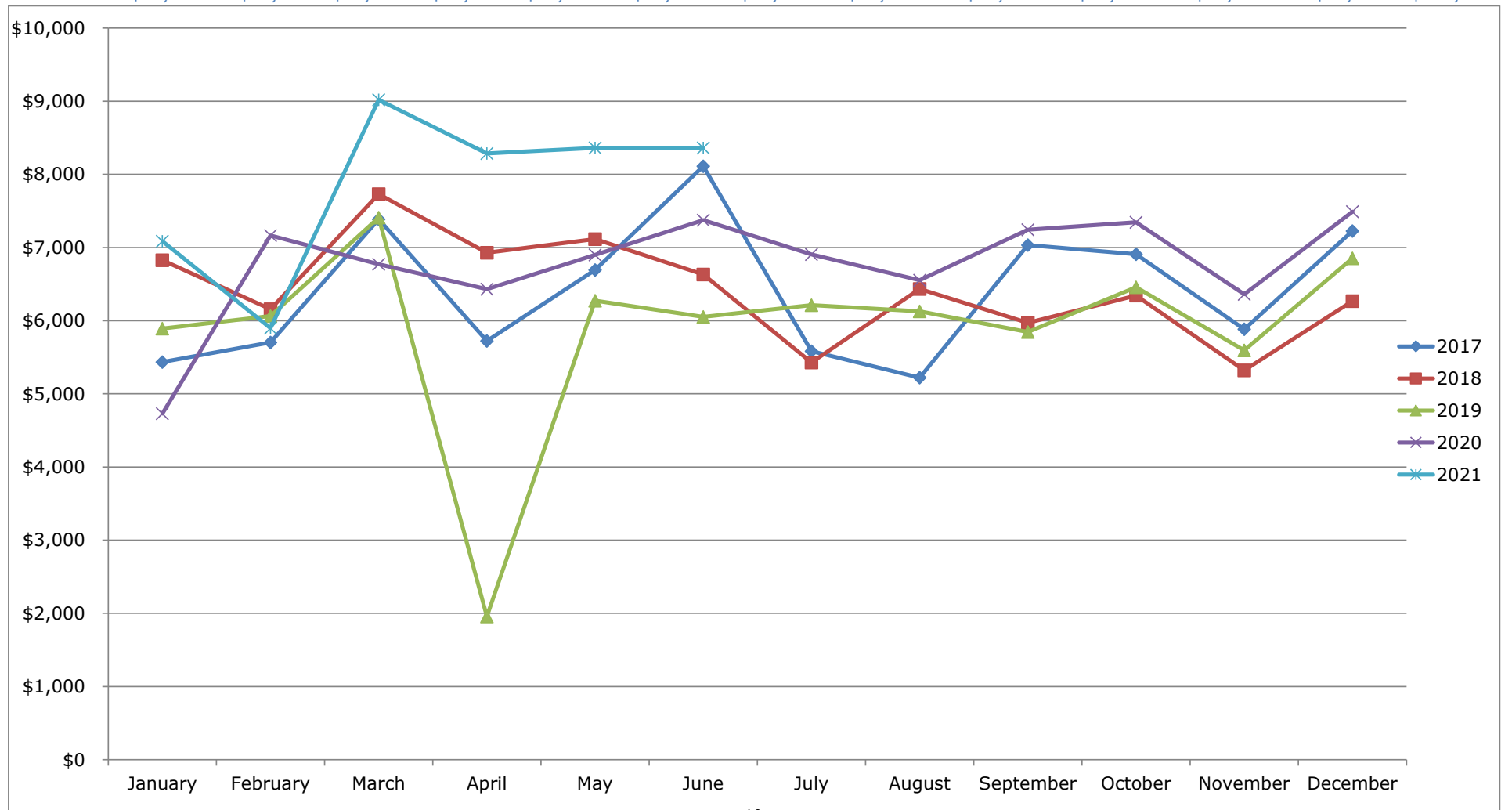
All Transactions

Date	Num	Name	Memo	Debit	Credit	Balance
12787 - Lee Annexation						
04/26/2019	JE		Deposit for Annexation		15,000.00	15,000.00
05/31/2019	5-190176	BGE, Inc.	Engineering Fees - Annexation No. 11	984.83		14,015.17
06/30/2019	6-190136	BGE, Inc.	Engineering Fees - Annexation No. 11	3,418.23		10,596.94
07/31/2019	7-190471	BGE, Inc.	Engineering Fees - Annexation No. 11	1,887.45		8,709.49
07/31/2019	9495136631	Norton Rose Fulbright US LLP	Legal Fees	172.50		8,536.99
08/31/2019	191647	The Research Staff, Inc.	Title Report - Annexation	80.00		8,456.99
08/31/2019	PSI19001733	Harris County Appraisal District	Certificate of Ownership - Annexation	5.00		8,451.99
08/31/2019	8-190493	BGE, Inc.	Engineering Fees - Annexation No. 11	398.44		8,053.55
08/31/2019	9495142345	Norton Rose Fulbright US LLP	Legal Fees	702.50		7,351.05
09/30/2019	9495149477	Norton Rose Fulbright US LLP	Legal Fees	143.75		7,207.30
10/31/2019	10-190502	BGE, Inc.	Engineering Fees - Annexation No. 11	273.44		6,933.86
10/31/2019	9495155990	Norton Rose Fulbright US LLP	Legal Fees - Annexation	1,548.75		5,385.11
11/30/2019	11-190054	BGE, Inc.	Engineering Fees - Annexation No. 11	2,167.95		3,217.16
11/30/2019	9495163224	Norton Rose Fulbright US LLP	Legal Fees	742.50		2,474.66
12/31/2019	12-190187	BGE, Inc.	Engineering Fees - Annexation No. 11	1,289.06		1,185.60
12/31/2019	9495170944	Norton Rose Fulbright US LLP	Legal Fees - Annexation	496.18		689.42
01/31/2020	9495175858	Norton Rose Fulbright US LLP	Legal Fees - Annexation	270.00		419.42
02/29/2020	2-200558	BGE, Inc.	Engineering Fees - Annexation No. 11	195.31		224.11
02/29/2020	9495182734	Norton Rose Fulbright US LLP	Legal Fees - Annexation	270.00		-45.89
04/30/2020	9495196527	Norton Rose Fulbright US LLP	Legal Fees - Annexation	360.00		-405.89
06/30/2020	9495209384	Norton Rose Fulbright US LLP	Legal Fees - Annexation	90.00		-495.89
07/31/2020	9495216040	Norton Rose Fulbright US LLP	Legal Fees - Annexation	0.00		-495.89
08/31/2020	9495222409	Norton Rose Fulbright US LLP	11th Annexation	691.35		-1,187.24
09/30/2020	9495231141	Norton Rose Fulbright US LLP	11th Annexation	71.39		-1,258.63
10/31/2020	9495236610	Norton Rose Fulbright US LLP	11th Annexation	0.00		-1,258.63
11/30/2020	9495244364	Norton Rose Fulbright US LLP	11th Annexation	1,050.00		-2,308.63
12/02/2020	JE		Deposit for Lee Annexation		15,000.00	12,691.37
12/31/2020	9495251043	Norton Rose Fulbright US LLP	11th Annexation	300.00		12,391.37
01/31/2021	HCMUD109LE...	ROW Management LLC	Lee Annexation Expense	1,560.00		10,831.37
01/31/2021	9495256008	Norton Rose Fulbright US LLP	11th Annexation	0.00		10,831.37
02/28/2021	HCMUD109LE...	ROW Management LLC	Lee Annexation Expense	3,640.00		7,191.37
Total 12787 - Lee Annexation				22,808.63	30,000.00	7,191.37
12788 - Barents Annexation						
08/31/2019	Rept	BBVA	Barents Annexation Deposit - Ida Gilbert		5,000.00	5,000.00
08/31/2019	Rept	BBVA	Barents Annexation Deposit - GAP Plumbing L...		5,000.00	10,000.00
08/31/2019	9495142345	Norton Rose Fulbright US LLP	Legal Fees	322.50		9,677.50
09/03/2019	Rept	BBVA	Barents Annexation Deposit - Champ Auto Gr...		5,000.00	14,677.50
09/30/2019	9-190038	BGE, Inc.	Engineering Fees - Annexation No. 12	1,205.47		13,472.03
09/30/2019	9495149477	Norton Rose Fulbright US LLP	Legal Fees	143.75		13,328.28
10/31/2019	9495155990	Norton Rose Fulbright US LLP	Legal Fees - Annexation	517.50		12,810.78
10/31/2019	10-190504	BGE, Inc.	Engineering Fees - Annexation No. 12	6,362.73		6,448.05
11/30/2019	11-190056	BGE, Inc.	Engineering Fees - Annexation No. 12	3,448.57		2,999.48
11/30/2019	9495163224	Norton Rose Fulbright US LLP	Legal Fees	146.25		2,853.23
12/31/2019	12-190189	BGE, Inc.	Engineering Fees - Annexation No. 12	2,516.81		336.42
12/31/2019	9495170944	Norton Rose Fulbright US LLP	Legal Fees - Annexation	1,350.00		-1,013.58
01/31/2020	1-200553	BGE, Inc.	Engineering Fees - Annexation No. 12	292.97		-1,306.55
01/31/2020	9495175858	Norton Rose Fulbright US LLP	Legal Fees - Annexation	0.00		-1,306.55
02/29/2020	2-200560	BGE, Inc.	Engineering Fees - Annexation No. 12	2,171.88		-3,478.43
02/29/2020	2-200525	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	2,762.20		-6,240.63
02/29/2020	9495182734	Norton Rose Fulbright US LLP	Legal Fees - Annexation	0.00		-6,240.63
03/31/2020	3-200228	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	454.00		-6,694.63
04/30/2020	4-200364	BGE, Inc.	Engineering Fees - Annexation No. 12	2,332.65		-9,027.28
04/30/2020	4-200354	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	3,165.61		-12,192.89
04/30/2020	9495196527	Norton Rose Fulbright US LLP	Legal Fees - Annexation	0.00		-12,192.89
05/31/2020	5-200205	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	883.59		-13,076.48
06/30/2020	6-200423	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	1,953.10		-15,029.58
06/30/2020	9495209384	Norton Rose Fulbright US LLP	Legal Fees - Annexation	978.75		-16,008.33
07/31/2020	7-200217	BGE, Inc.	Engineering Fees - Barents Drive LS Feasibility	390.62		-16,398.95
07/31/2020	9495216040	Norton Rose Fulbright US LLP	Legal Fees - Annexation	243.75		-16,642.70
08/31/2020	9495222409	Norton Rose Fulbright US LLP	12th Annexation	3,286.35		-19,929.05
09/30/2020	9495231141	Norton Rose Fulbright US LLP	12th Annexation	71.39		-20,000.44
10/31/2020	9495236610	Norton Rose Fulbright US LLP	12th Annexation	341.25		-20,341.69
11/30/2020	9495244364	Norton Rose Fulbright US LLP	12th Annexation	250.00		-20,591.69
12/31/2020	9495251043	Norton Rose Fulbright US LLP	12th Annexation	150.00		-20,741.69
01/31/2021	9495256008	Norton Rose Fulbright US LLP	12th Annexation	740.00		-21,481.69
02/28/2021	9495262527	Norton Rose Fulbright US LLP	12th Annexation	1,080.33		-22,562.02
03/31/2021	9495270101	Norton Rose Fulbright US LLP	12th Annexation	570.00		-23,132.02
04/30/2021	9495276855	Norton Rose Fulbright US LLP	12th Annexation	770.00		-23,902.02
05/31/2021	9495283640	Norton Rose Fulbright US LLP	12th Annexation	530.00		-24,432.02
06/30/2021	9495291784	Norton Rose Fulbright US LLP	12th Annexation	300.00		-24,732.02
07/31/2021	9495297183	Norton Rose Fulbright US LLP	12th Annexation	350.00		-25,082.02
08/31/2021	W/O 98752653	Centerpoint Energy	Defined Easement	1,700.00		-26,782.02
08/31/2021	9495303961	Norton Rose Fulbright US LLP	12th Annexation	100.00		-26,882.02
Total 12788 - Barents Annexation				41,882.02	15,000.00	-26,882.02
12790 - Country Scramble						
02/29/2020	2-200526	BGE, Inc.	Engineering Fees - Country Scramble	13,193.61		-13,193.61
03/31/2020	3-200229	BGE, Inc.	Engineering Fees - Country Scramble	585.93		-13,779.54
04/30/2020	4-200355	BGE, Inc.	Engineering Fees - Country Scramble	355.31		-14,134.85
05/31/2020	5-200206	BGE, Inc.	Engineering Fees - Country Scramble	390.62		-14,525.47
06/30/2020	6-200424	BGE, Inc.	Engineering Fees - Country Scramble	195.31		-14,720.78
07/31/2020	7-200218	BGE, Inc.	Engineering Fees - Country Scramble	390.62		-15,111.40
Total 12790 - Country Scramble				15,111.40	0.00	-15,111.40
TOTAL				79,802.05	45,000.00	-34,802.05

Sales Tax Revenue History

Harris County MUD No. 109

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
2017	\$5,434	\$5,703	\$7,385	\$5,723	\$6,692	\$8,112	\$5,584	\$5,221	\$7,033	\$6,909	\$5,885	\$7,225	\$76,905
2018	\$6,828	\$6,158	\$7,730	\$6,930	\$7,116	\$6,632	\$5,430	\$6,434	\$5,972	\$6,345	\$5,322	\$6,267	\$77,163
2019	\$5,893	\$6,065	\$7,408	\$1,957	\$6,274	\$6,053	\$6,211	\$6,128	\$5,846	\$6,457	\$5,596	\$6,855	\$70,743
2020	\$4,731	\$7,165	\$6,772	\$6,430	\$6,900	\$7,374	\$6,906	\$6,552	\$7,243	\$7,347	\$6,362	\$7,490	\$81,272
2021	\$7,086	\$5,898	\$9,019	\$8,285	\$8,362	\$8,363							\$47,014
Total	\$29,972	\$30,990	\$38,314	\$29,324	\$35,344	\$36,534	\$24,131	\$24,335	\$26,094	\$27,057	\$23,164	\$27,836	\$353,097



Cash Flow Forecast

Harris County MUD 109

	5/22	5/23	5/24	5/25	5/26
Assessed Value	\$659,797,320	\$659,797,320	\$659,797,320	\$659,797,320	\$659,797,320
Maintenance Tax Rate	\$0.165	\$0.165	\$0.165	\$0.165	\$0.165
Maintenance Tax	\$1,066,892	\$1,066,892	\$1,066,892	\$1,066,892	\$1,066,892
% Change in Water Rate		1.00%	1.00%	1.00%	1.00%
% Change in Wastewater Rate		3.00%	3.00%	3.00%	3.00%
% Change in NHCRWA		10.00%	10.00%	10.00%	10.00%
% Change in Expenses		5.00%	5.00%	5.00%	5.00%
Beginning Cash Balance 6-1-2021	\$3,768,001	\$3,259,994	\$2,904,157	\$2,461,378	\$2,015,859
Revenues					
Maintenance Tax	\$1,068,216	\$1,066,892	\$1,066,892	\$1,066,892	\$1,066,892
Water Revenue	537,400	542,774	548,202	553,684	559,221
Wastewater Revenue	642,200	661,466	681,310	701,749	722,802
NHCRWA Revenue	1,215,000	1,336,500	1,470,150	1,617,165	1,778,882
Other	184,089	193,293	202,958	213,106	223,761
Total Revenues	\$3,646,905	\$3,800,926	\$3,969,512	\$4,152,596	\$4,351,557
Expenses					
NHCRWA	\$1,367,100	\$1,503,810	\$1,654,191	\$1,819,610	\$2,001,571
Other Expenses	2,002,812	2,102,953	2,208,100	2,318,505	2,434,431
Total Expenses	\$3,369,912	\$3,606,763	\$3,862,291	\$4,138,115	\$4,436,002
Net Surplus	\$276,993	\$194,163	\$107,221	\$14,481	(\$84,444)
Capital Outlay					
Capital Outlay - AJOB	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
WP 1 Booster Pump Improvements	100,000	0	0	0	0
WP 1 Well Rehab & Motor Replacement	0	0	200,000	0	0
WP 1 Electrical Control Improvements	0	0	250,000	210,000	0
WP 1 GST 1 Replacement	0	250,000	0	0	0
WP 2 Expansion	0	0	0	0	0
WP 2 Well Rehab & Motor Replacement	0	0	0	200,000	0
Lift Station No. 1	205,000	0	0	0	0
Lift Station No. 3	125,000	0	0	0	0
Lift Station No. 5	115,000	0	0	0	0
Barents Dr Lift Station No. 6	0	0	0	0	0
HC 46 Water Interconnect	0	0	50,000	0	0
Manholes Valve Rehab	0	250,000	0	0	0
Manholes Survey	120,000	0	0	0	0
Water Valve Survey	70,000	0	0	0	0
Total Capital Outlay	\$785,000	\$550,000	\$550,000	\$460,000	\$50,000
Construction Surplus	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance	\$3,259,994	\$2,904,157	\$2,461,378	\$2,015,859	\$1,881,415
Operating Reserve % of Exp					
Percentage	97%	81%	64%	49%	42%
Number of Months	12	10	8	6	5
Bond Authority					
Remaining Bonding Capacity - \$12,950,000					

2022 AWBD Mid-Winter Conference

Harris County MUD No. 109

Friday, January 28 - Saturday, January 29, 2022

Moody Gardens, Galveston, TX

Director	Registration			Prior Conference Expenses
Name	Attending	Online	Paid	Paid
Cheryl Moore	Yes	Yes	Yes	Yes
Chris Green	Yes	Yes	Yes	Yes
Nancy Frank	Yes	Yes	Yes	Yes
Owen Parker	Yes	Yes	Yes	Yes
Robin Sulpizio	Yes	Yes	Yes	Yes

Note

Register on-line www.awbd-tx.org (For log in assistance, contact Taylor Cavnar: tcavnar@awbd-tx.org)

This page only confirms registration for the conference, not hotel registrations.

All hotel reservations are the sole responsibility of each attendee.

Your conference registration confirmation will contain a housing reservation request web link.

The link will require the registration number from your conference registration before you can reserve a room.

All requests for an advance of funds must be sent via email to the bookkeeper within 30 days of conference.

Registration Dates

Early Registration:	Begins	07/21/21	\$360
Regular Registration:	Begins	09/02/21	\$410
Late Registration	Begins	12/16/21	\$510

Cancellation Policy

All cancellations must be made in writing.

A \$50.00 administrative fee is assessed for each conference registration cancelled on or before 12/15/21.

There will be no refunds after 12/15/21.

Housing Information

Hotel reservations are only available to attendees who are registered with AWBD-TX for the Conference.

If you have questions, please call Taylor Cavnar at (281) 350-7090



ENGINEERING REPORT

September 20, 2021, 2021

To: Harris County MUD No. 109 Board of Directors

From: Bill Kotlan, P.E.

District Engineer

11. Review Engineer's Report, including approval of pay estimates, authorization of change orders to pending construction contracts, and authorization of capacity commitments:

a. **American Water Infrastructure Act (2018):** We are working on the Emergency Response Plan that is due at the end of the year.

b. **Utility Relocations related to FM 1960 Widening: Update**

Currently, other utilities are relocating in the FM 1960 ROW. We have had a pre-construction meeting with the contractor. They will be working on the Districts facilities over the next 4-6 weeks.

c. **Water Plant No. 2 Expansion**

Pay Estimate No. 3 in the amount of \$25,344.00 is recommended for approval. The work includes work on the foundation of the ground storage tank.

Action Items:

1. **Approve Pay Estimate No. 3 to Schier Construction Company, Inc. for \$25,344.00**

d. **Barents Drive Lift Station**

The city of Houston will require the District to plat the lift station site. We request authorization to complete the platting on an hourly basis in accordance with our master services agreement.

Exhibit K

Serving. Leading. Solving.™

Action Item: Authorize Engineer to complete a subdivision plat for Barents Drive Lift Station.

e. Water Line Extension (Annexation 11)

City comments have been addressed. Waiting on final approval.

f. Wastewater Treatment Plant

Nothing to report.

g. Developer's Report: Nothing to report.

h. Capacity Commitments (Annexation 12): at City of Houston

i. Ashley (Dirt Cheap): No change this month.

ii. Teo Lopez (Country Scramble): No change this month.

iii. Shawn Gilbert service request: See Item d., above.

i. 19715 Oak Branch Court

Paul Villarreal, Clinton Gehrke, Dimitri Millas and Bill Kotlan met with the insurance adjuster, Mr. Patrick O'Donnell, and an attorney, Bill Hefland, on the telephone. The insurance company told us that the District had sovereign immunity and did not have to pay the claim. Mr. Millas told them the District's sovereign immunity did not apply if the District chose to pay the claim. Will the insurance company pay the District's cost? Mr. O'Donnell seemed inclined to say they would not, but told us he would have to check with the insurance underwriter. As of 9/20/2021 he says he is reviewing the claim.

The claim is for \$10,500 for the foundation repair and \$4,400 for the driveway repair for a total of \$14,900. Copies of the backup sent by the Mr. Peak are included.

Action Item: Consider payment of Mr. Peak's repair costs in the amount of \$14,900 provided there is a release of further liability acceptable to the District's attorney.



August 25, 2021

Municipal Accounts & Consulting, LP
1281 Brittmoore Road
Houston, Texas 77043

Attention: Cory Burton

Re: **Pay Estimate No. 3**
Harris County MUD No. 109
Water Plant No. 2 Expansion
BGE Job No. 7440-00

Dear Mr. Burton:

Enclosed herewith is Pay Estimate No. 3 from Schier Construction Company, Inc. for work performed on the referenced project for the period indicated. I have reviewed the quantities completed and submitted for payment, and recommend that this estimate be processed for payment. The enclosed estimate is for your further handling and processing.

Should you have any questions regarding this pay estimate, please contact me at 281-558-8700.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary L. Goessler".

Gary L. Goessler, PE
Project Manager, Construction Management

TBPE Registration No. F-1046

cc: Jan McArthur – Schier Construction Company, Inc.
Dimitri Millas – Norton Rose Fulbright US LLP
Brenda Presser – Norton Rose Fulbright US LLP
Bill Kotlan, PE – BGE
Kate Hallaway, PE – BGE

Water Plant No. 2 Expansion

Owner: Harris County MUD No. 109
C/o Municipal Accounts & Consulting, LP
1281 Brittmoore Rd.
Houston, Texas 77043

Attention: Cory Burton

Contractor: Schier Construction Company, Inc.
14250 Schroeder Road
Houston, Texas 77070

Attention: Jan McArthur

Pay Estimate No. 3
Original Contract Amount: \$ 1,757,150.00
Change Orders: \$ -
Current Contract Amount: \$ 1,757,150.00
Completed to Date: \$ 101,400.00
Retainage 10% \$ 10,140.00
Balance: \$ 91,260.00
Less Previous Payments: \$ 65,916.00
Current Payment Due: \$ 25,344.00

BGE Job No. 7440-00
Estimate Period: 08/01/21 - 08/31/21
Contract Date: April 26, 2021
Notice to Proceed: June 14, 2021
Contract Time: 270 Calendar Days
Time Charged: 79 Calendar Days
Approved Extensions: 0 Calendar Days
Requested Time Extensions: 2 Calendar Days
Time Remaining: 191 Calendar Days

Recommended for Approval:



8/25/21

Gary L. Goessler, PE
Project Manager, Construction Management
BGE
TBPE Registration No. F-1046

Harris County MUD No. 109
 Water Plant No. 2 Expansion
 BGE Job No. 7440-00
 Pay Estimate No. 3

Item	Description	Contract Quantity	Unit	Unit Price	Amount	Completed This Period	Amount This Period	Previous Period	Previous Amount	Total Completed	Total
UNIT A: BASE BID ITEMS											
1.	Mobilization; Demobilization (complete project)										
	MOB	1.00	LS	\$ 6,000.00	\$ 6,000.00	0.00	\$ -	1.00	\$ 6,000.00	1.00	\$ 6,000.00
	Demob	1.00	LS	\$ 3,000.00	\$ 3,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
2.	Bonds; Insurance; Permits (complete project)										
	Bonds & Insurance	1.00	LS	\$ 24,800.00	\$ 24,800.00	0.00	\$ -	1.00	\$ 24,800.00	1.00	\$ 24,800.00
	Permits	1.00	LS	\$ 2,000.00	\$ 2,000.00	0.00	\$ -	1.00	\$ 2,000.00	1.00	\$ 2,000.00
3.	Furnish and Install new 420,000 gallon Bolted Steel Ground Storage Tank factory coated with Thermoset Powder Epoxy including foundation with all required appurtenances; including Cathodic Protection. Complete in Place.										
	Foundation	1.00	LS	\$ 62,400.00	\$ 62,400.00	0.40	\$ 24,960.00	0.60	\$ 37,440.00	1.00	\$ 62,400.00
	Tank Pad	1.00	LS	\$ 3,200.00	\$ 3,200.00	1.00	\$ 3,200.00	0.00	\$ -	1.00	\$ 3,200.00
	TANK										
	a. Material	1.00	LS	\$ 167,800.00	\$ 167,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	b. Erection	1.00	LS	\$ 60,200.00	\$ 60,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Cathodic Protection	1.00	LS	\$ 21,800.00	\$ 21,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Paint	1.00	LS	\$ 6,300.00	\$ 6,300.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Splash Pad	1.00	LS	\$ 4,000.00	\$ 4,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Sterilization	1.00	LS	\$ 1,500.00	\$ 1,500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
4.	Booster Pump Station including foundation, pumps and motors, controls, piping, valves, supports, and appurtenances; Complete in Place.										
	Foundation	1.00	LS	\$ 30,800.00	\$ 30,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	PUMPS										
	a. Material	1.00	LS	\$ 68,600.00	\$ 68,600.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	b. Installation	1.00	LS	\$ 6,000.00	\$ 6,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -

Harris County MUD No. 109
 Water Plant No. 2 Expansion
 BGE Job No. 7440-00
 Pay Estimate No. 3

Item	Description	Contract Quantity	Unit	Unit Price	Amount	Completed This Period	Amount This Period	Previous Period	Previous Amount	Total Completed	Total
	PIPING										
	a. Material	1.00	LS	\$ 83,400.00	\$ 83,400.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	b. Installation	1.00	LS	\$ 12,000.00	\$ 12,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Pipe Supports	1.00	LS	\$ 5,000.00	\$ 5,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Paint	1.00	LS	\$ 12,000.00	\$ 12,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
5.	Operations Building including foundation, painting, and all appurtances; Complete in Place.										
	Foundation	1.00	LS	\$ 27,500.00	\$ 27,500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Walls -CMU	1.00	LS	\$ 14,200.00	\$ 14,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Roof	1.00	LS	\$ 33,400.00	\$ 33,400.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Doors	1.00	LS	\$ 7,500.00	\$ 7,500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	HVAC	1.00	LS	\$ 3,000.00	\$ 3,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Paint	1.00	LS	\$ 9,600.00	\$ 9,600.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Misc - Lab Table, Burglar Bars	1.00	LS	\$ 3,200.00	\$ 3,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
6.	On-site Yard Piping and Appurtenances. Complete in Place.										
	PIPING										
	a. Material	1.00	LS	\$ 61,800.00	\$ 61,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	b. Installation	1.00	LS	\$ 27,900.00	\$ 27,900.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Paint	1.00	LS	\$ 5,600.00	\$ 5,600.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Sterilization	1.00	LS	\$ 1,000.00	\$ 1,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
7.	Demolition of existing electrical equipment, including MCC, generator, etc.										
	Paving	1.00	LS	\$ 6,000.00	\$ 6,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Electrical	1.00	LS	\$ 4,700.00	\$ 4,700.00	0.00	\$ -	0.00	\$ -	0.00	\$ -

Harris County MUD No. 109
 Water Plant No. 2 Expansion
 BGE Job No. 7440-00
 Pay Estimate No. 3

Item	Description	Contract Quantity	Unit	Unit Price	Amount	Completed This Period	Amount This Period	Previous Period	Previous Amount	Total Completed	Total
8.	Furnish and Install Electrical system, including but not limited to install all work shown as plans, MCC, automatic transfer switch, lighting and receptacles, service disconnect, instrumentation, modification to EST equipment, duct banks, grounding, and all required appurtenances; Complete in Place.										
	MCC Pad	1.00	LS	\$ 2,500.00	\$ 2,500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Electrical	1.00	LS	\$ 454,000.00	\$ 454,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
9.	Installation of Weatherhead service equipment, reconnection of electrical service; Complete in Place.	1.00		\$ 6,000.00	\$ 6,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
10.	Site work, including site preparation, grading, drainage, swales, concrete paving, chain link fence, and site restoration; Complete in Place.										
	Site Preparation	1.00	LS	\$ 7,000.00	\$ 7,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Concrete Paving	1.00	LS	\$ 30,400.00	\$ 30,400.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Sidewalks	1.00	LS	\$ 8,800.00	\$ 8,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Bollards	1.00	LS	\$ 3,200.00	\$ 3,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Fence	1.00	LS	\$ 3,000.00	\$ 3,000.00	0.00	\$ -	1.00	\$ 3,000.00	1.00	\$ 3,000.00
	Final Grading	1.00	LS	\$ 8,000.00	\$ 8,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Hydromulch	1.00	LS	\$ 2,600.00	\$ 2,600.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
11.	Trench Safety System, including Trench Safety Plan, Complete In Place	1.00	LS	\$ 300.00	\$ 300.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Unit A: Base Bid Items - Subtotal				\$ 1,314,500.00		\$ 28,160.00		\$ 73,240.00		\$ 101,400.00

Harris County MUD No. 109
 Water Plant No. 2 Expansion
 BGE Job No. 7440-00
 Pay Estimate No. 3

Item	Description	Contract Quantity	Unit	Unit Price	Amount	Completed This Period	Amount This Period	Previous Period	Previous Amount	Total Completed	Total
UNIT B: SUPPLEMENTAL BID ITEMS											
1.	"Extra" as directed, 550 KW Natural Gas Emergency Generator including sound attenuating enclosure, load bank, and foundations; Complete in Place.										
	Demo Existing Generator	1.00	LS	\$ 3,000.00	\$ 3,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Foundation & Load Bank	1.00	LS	\$ 21,100.00	\$ 21,100.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Sidewalk	1.00	LS	\$ 7,200.00	\$ 7,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Bollards	1.00	LS	\$ 5,800.00	\$ 5,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	New Gas Generator	1.00	LS	\$ 373,800.00	\$ 373,800.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Natural Gas Line	1.00	LS	\$ 5,000.00	\$ 5,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	Electrical	1.00	LS	\$ 8,200.00	\$ 8,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
	O&M's	1.00	LS	\$ 500.00	\$ 500.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
2.	"Extra" as directed, extend concrete drive for Generator access per plans, Complete in Place.	1.00	LS	\$ 7,000.00	\$ 7,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
3.	"Extra" as directed, Excavation and Backfill for Structure. Complete in Place. (\$5.00 CY Per minimum)	50.00	CY	\$ 5.00	\$ 250.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
4.	"Extra" as directed, Excavation, Trenching, and Backfill for Utilities. Complete in Place.	50.00	CY	\$ 5.00	\$ 250.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
5.	"Extra" as directed, Reinforcing Steel. Complete in Place. (\$1,000 per TON minimum)	1.00	TON	\$ 1,000.00	\$ 1,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
6.	"Extra" as directed, Cast in Place Concrete. Complete in Place. (\$200 per CY minimum)	10.00	CY	\$ 200.00	\$ 2,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -

Harris County MUD No. 109
 Water Plant No. 2 Expansion
 BGE Job No. 7440-00
 Pay Estimate No. 3

Item	Description	Contract Quantity	Unit	Unit Price	Amount	Completed This Period	Amount This Period	Previous Period	Previous Amount	Total Completed	Total	
7.	"Extra" as directed, Ductile Iron Fittings, Complete in Place. (\$1,500 per TON minimum)	2.00	TON	\$ 1,500.00	\$ 3,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	
8.	"Extra" as directed, 8-inch C905-DR18 PVC Pipe (all depths). Complete in Place. (\$25.00 per LF minimum)	40.00	LF	\$ 25.00	\$ 1,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	
9.	"Extra" as directed, 16-inch C905-DR18 PVC Pipe (all depths). Complete in Place. (\$30.00 per LF minimum)	40.00	LF	\$ 30.00	\$ 1,200.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	
10.	"Extra" as directed, 18-inch C905-DR18 PVC Pipe (all depths). Complete in Place. (\$35.00 per LF minimum)	10.00	LF	\$ 35.00	\$ 350.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	
11.	"Extra" as directed, Site Improvements. Complete in Place. (\$2,000 minimum)	1.00	LS	\$ 2,000.00	\$ 2,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	
Unit B: Supplemental Bid Items - Subtotal					\$ 442,650.00		\$ -		\$ -	\$ -	\$ -	
Total Contract Amount:					\$ 1,757,150.00							
<hr/>												
Change Order No. 1					\$ -		0.00	\$ -	0.00	\$ -	0.00	\$ -
<hr/>												
Change Order No. 2					\$ -		0.00	\$ -	0.00	\$ -	0.00	\$ -
<hr/>												
Change Order No. 3					\$ -		0.00	\$ -	0.00	\$ -	0.00	\$ -
<hr/>												
Totals:					\$ 1,757,150.00		\$ 28,160.00		\$ 73,240.00		\$ 101,400.00	

CONTRACTOR AFFIDAVIT FOR PARTIAL PAYMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared James E. Schier
the President
of **Schier Construction Company, Inc.** ("CONTRACTOR"). CONTRACTOR has performed labor and furnished materials pursuant to that certain Contract entered into on the 26th day of April, 2021 by and between CONTRACTOR and **Harris County Municipal Utility District No. 109**, for the erection, construction, and completion of certain improvements and/or additions upon the following described premises, to wit:

"Construction of Water Plant No. 2 Expansion for Harris County MUD No. 109, Harris County, Texas."

The undersigned, being by me duly sworn, states upon oath that the materials supplied in connection with CONTRACTOR's Application for Partial Payment No. 3, dated 8/23/2021 (the "Application Date"), represents the actual cost of sound materials that have been or will be fabricated into the Work in compliance with the agreed to plans and specifications (and all authorized changes thereto).

The undersigned further states that as of the Application Date, CONTRACTOR has paid all bills and claims for materials supplied in connection with the aforesaid Partial Payment, and that there are no outstanding unpaid bills or claims for labor performed or materials furnished.

CONTRACTOR acknowledges complete satisfaction of, and forever waives and releases, all claims of every kind against OWNER or the property where the labor and/or materials were installed, including, without limitation, any liens or potential liens, which CONTRACTOR may have as a result of, or in connection with, the labor and/or materials supplied in connection with the aforesaid Partial payment.

CONTRACTOR represents that the person executing this affidavit on behalf of CONTRACTOR is duly authorized to sign this affidavit and to legally bind CONTRACTOR hereto. All of the provisions of this affidavit shall bind CONTRACTOR, its heirs, representatives, successors and assigns and shall inure to the benefit of OWNER, and its legal representatives, successors, assigns.

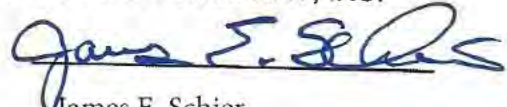
This affidavit is being made by the undersigned realizing that it is in reliance upon the truthfulness of the statements contained herein that a partial payment under said Contract is being made, and in consideration of the disbursement of said partial payment by OWNER.

CONTRACTOR HEREBY AGREES TO DEFEND, PROTECT, INDEMNIFY AND HOLD OWNER SAFE AND HARMLESS FROM AND AGAINST ALL LOSSES, DAMAGES, COSTS, AND EXPENSES OF ANY CHARACTER WHATSOEVER SPECIFICALLY INCLUDING COURT COSTS, BONDING FEES, AND ATTORNEY FEES ARISING OUT OF OR IN ANY WAY RELATING TO CLAIMS FOR UNPAID LABOR OR MATERIALS FURNISHED AS OF THE APPLICATION DATE.

Executed this 23rd day of August, 2021.

SCHIER CONSTRUCTION COMPANY, INC.

By:



Name

James E. Schier

Printed:

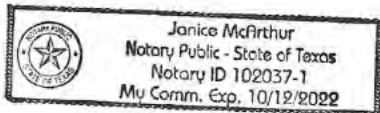
President

Title:

STATE OF TEXAS §

COUNTY OF Harris §

Subscribed and sworn to before me, the undersigned authority, on this the 23rd day of August, 2021, to certify which, witness my hand and seal of office.





Notary Public, State of Texas

Notary's Name Printed: Janice McArthur

My commission expires: 10/12/2022

CTI Houston
1209 1st St East Suite C.
Humble, TX 77338
281-964-1960
services@ctihouston.net



Estimate

ADDRESS

Josie Peak
19715 Oak Branch Ct.
Atascocita, TX 77346

ESTIMATE # 2109

DATE 04/14/2021

EXPIRATION DATE 07/14/2021

ACTIVITY	QTY	AMOUNT
Concrete Remove and replace partial concrete driveway bottom portion approx. 625 SF. - same day waste removal, add or remove dirt as needed, compact grounds. - build 4" forms, reinforced with #3 rebar 16" OC and treated wood for joints every 10'-12'. - high strength 3500 PSI concrete to be medium broom finished and with border trowel marks.	1	4,400.00

Terms and Conditions

* 50% Deposit due before project commencement, remainder balance due at completion of project.

* CTI Houston will not claim responsibility for unforeseen issues that may delay the project such as weather, inspections and/or damaged unmarked utilities or lines buried less than 12" deep. Underground utilities such as but not limited to gas, electrical, cable, fiber optics and or water will need to be marked by the homeowner or approved utility contractor, before commencement.

* Project will be worked in adherence to Harris county building codes.

* 3% Transaction Fee will be accessed on electronic transactions.

* All installations includes 1 year warranty, extended warranties are available.

TOTAL

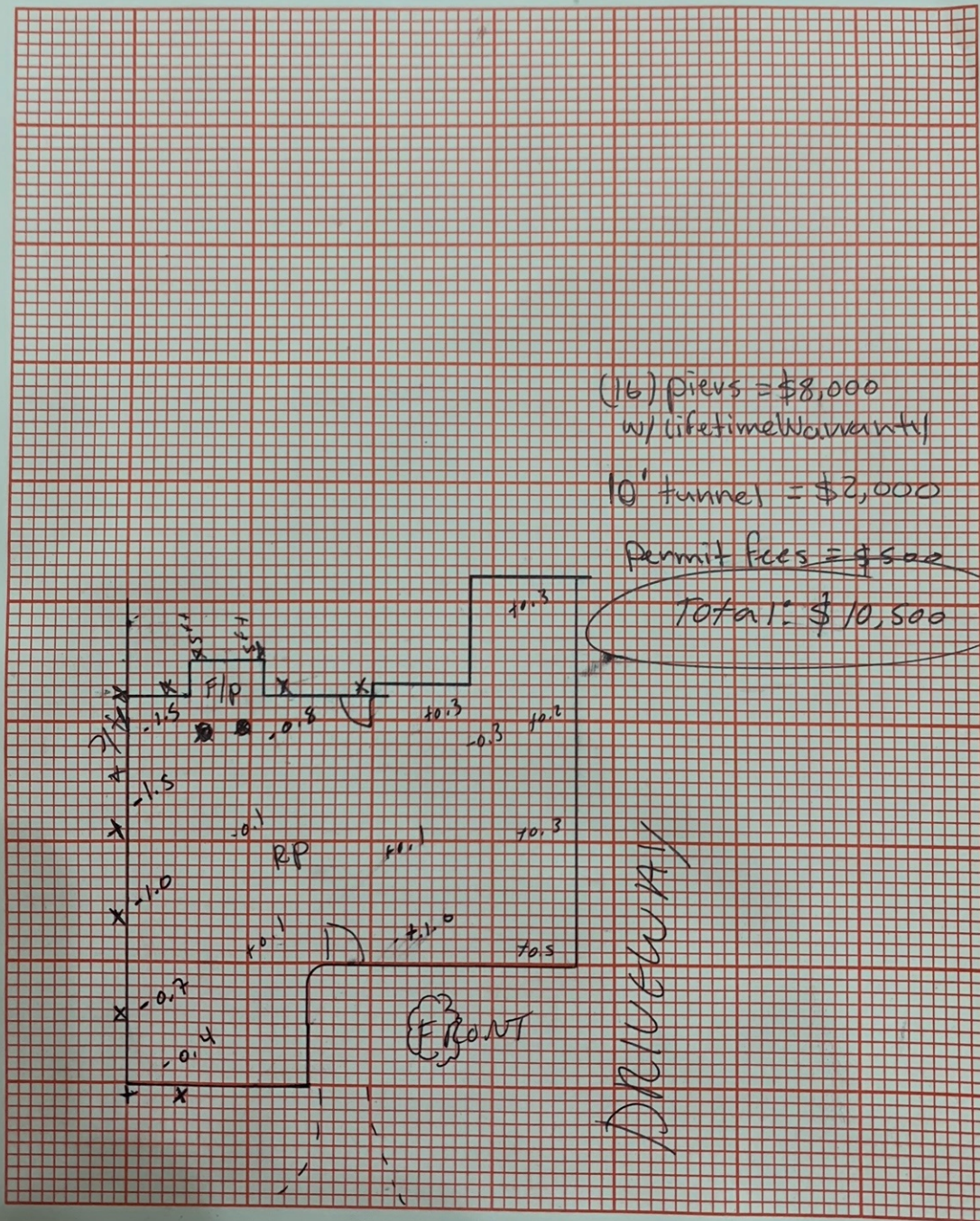
\$4,400.00

Accepted By

Accepted Date



DATE: 4/13/2021 KEY MAP#: _____
 NAME: Jarrell Peak
 ADDRESS: 19715 Oak branch ct.
 CITY: Humble, TX ZIP: 77346
 PH: (909)206-8508 PH: _____
 OTHER: _____
josiedpeak@gmail.com



(16) Piers = \$8,000
 w/ lifetime warranty
 10' tunnel = \$2,000
 Permit fees = \$500
Total = \$10,500

Total Number of Piling:
 Exterior: 14
 Interior: 2 (tunnel)

Legend:
 Exterior Piling ○
 Interior Piling ●
 Existing Piling □
 Existing Bell Bottom Piling ⊙
 Fences ○
 Decks ●
 Pea Gravel □
 1 Inch=10 Feet ⊙

WWWMS, INC.
HARRIS COUNTY MUD # 109
OPERATIONS REPORT
Tuesday, September 21, 2021

BILLING AND COLLECTION RECAP:

DEPOSITED IN YOUR ACCOUNT LAST MONTH:

Period Ending:	Aug-21
Deposit:	\$ 6,450.00
Penalty:	\$ 1,889.39
Water:	\$ 54,550.70
Sewer:	\$ 51,934.45
Inspection:	\$ 681.00
Voluntary Fire & EMS:	\$ -
Misc:	\$ 1,150.00
NHCRWA:	\$ 99,790.65
Reconnect:	\$ -
NSF Fee:	\$ 140.00
Total Collections:	\$ 216,586.19

CURRENT BILLING:

Period Ending:	Sep-21
Deposit:	\$ -
Penalty:	\$ -
Water:	\$ 53,794.27
Sewer:	\$ 56,314.34
Inspection:	\$ 801.00
Voluntary Fire & EMS:	\$ -
Misc:	\$ -
NHCRWA:	\$ 133,093.32
Total Billing:	\$ 244,002.93

CUSTOMER AGED RECEIVABLES:

30 Day	19%	\$ 46,049.50
60 Day	6%	\$ 13,873.54
90 Day	1%	\$ 2,376.68
120 Day	5%	\$ 11,407.67
Overpayments		\$ (11,436.48)
Total Receivables:		\$ 62,270.91

HGCSO PERIOD: 8/1/21 THRU 8/31/21

Period 6/1/21 thru 5/31/22

MONTHLY TOTAL

Gallons Authorized:	450.000	MG
Current Month Produced:	37.018	MG
Cum. Gallons Produced:	67.084	MG
Auth. Gallons Remaining:	382.916	MG
Avg. Gallons Per Month:	22.361	MG
Permit Months Remaining:	9	

WATER PLANT OPERATIONS:

Period: 8/1/2021 thru 8/31/2021

MONTHLY TOTAL

Production:	35.609	MG
Amount Purchased:	0.000	MG
Total Amount:	35.609	MG
Consumption: (Billed)	30.605	MG
Accounted for Maint. (Flushing)	2.000	MG
Est. Amt. Sold to HC MUD 151	0.800	MG
Total:	33.405	MG
Daily Average Production:	1.149	MG
Percent Accounted For:	93.81%	

Water Mainline Break / Flushing

CONNECTION COUNT:

Residential:	2991
Commercial:	115
Clubs/Schools:	1
Irrigation:	19
Vacant:	35
Builders:	23
Vacation:	0
No Bill:	7
	<hr/>
	3191
New Finals and Transfers	-41
	<hr/>
	3150

NEW METER INSTALLATIONS:

Residential:	0
Commercial:	0
Total:	<hr/> 0

ACCOUNTS SENT TO COLLECTIONS:

Total of (0)

HARRIS COUNTY MUD #109
ACTIVITY REPORT
September 21, 2021

Item 1: Attached Reports are listed as follows:

- a.) Accounts turned over to collections.
- b.) Historical data on water production report.
- c.) NHCRWA Pumpage and Billing report for AUGUST 2021
- d.) Billing / Recap Summary Report

Item 2: GM Services

- a.) Water Plant #1 and #2 well pump performance test has been completed.

Item 3: Hurricane Nicholas

- a.) Received several no power calls for facilities and generator ran fine.
Life station #5, replaced defective relays and unclogged pumps.

Item 4: Upon inspecting storm drains for water leaks, located severe leak in ditch at pawn shop.

Item 5: Water main break

- a.) 6002 Upperlake 9/4/2021
- b.) 19802 Oak Branch Court 9/14/2021

Item 6: Severe water leak

- a.) 19719 Bambi Woods 8/22/2021

Item 7: 5622 Deer Timber

- a.) Replaced defective fire hydrant.
Fire department reported fire hydrant would not close after house fire was distinguished.

Item 8: Request for authorization to proceed with cut off report. ****ACTION ITEM****

- a.) Cut off Report / Status Arrears Count

<u>Arrears</u>	<u>Accounts</u>	<u>Amount</u>
30 Day	313	\$ 46,049.50
60 Day	117	\$ 13,873.54
90 Day	7	\$ 236.68
120 Day	12	\$ 11,407.67
<u>Due Date:</u>	9/18/2021	
<u>Cut off Date:</u>	9/22/2021	

** 11 Accounts have failed to make a payment from 3/21 - current.**

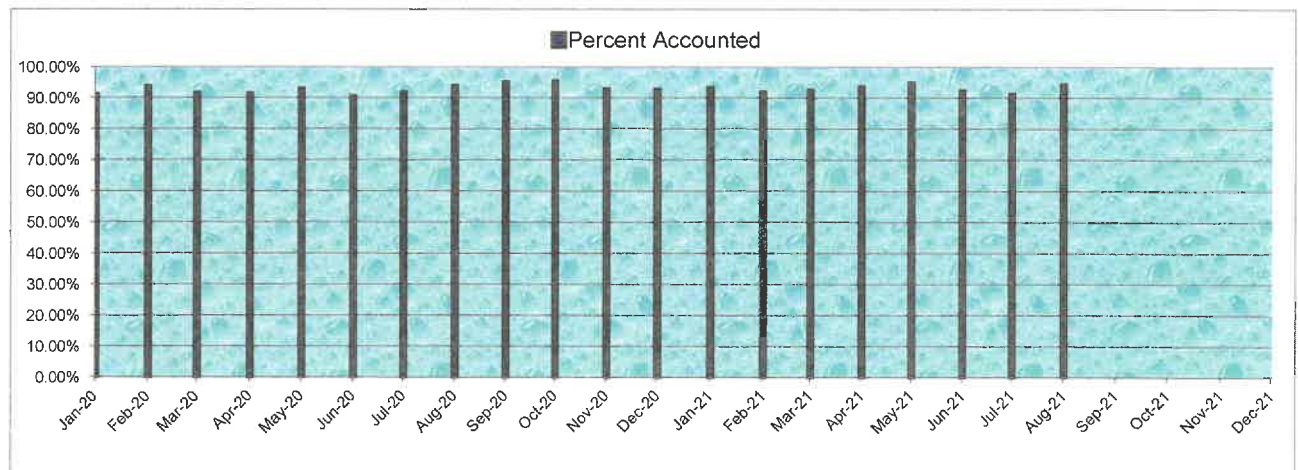
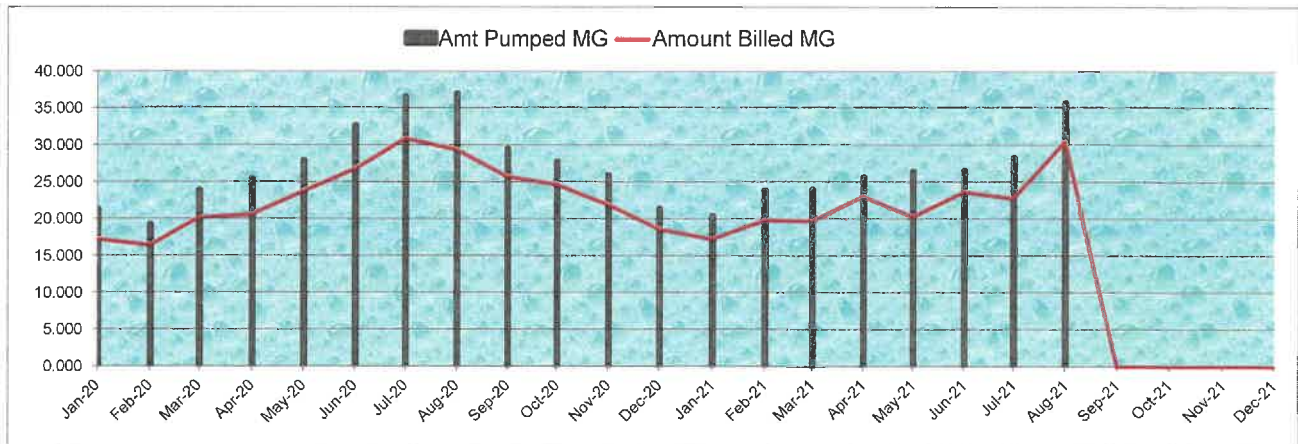
1 Account has failed to make a payment since 9/20.

HARRIS COUNTY MUD #109

WATER PRODUCTION REPORT

September 21, 2021

Month /Year	Amt Pumped MG	Amt Billed MG	Maint. MG	Purchased MG	Amount HC 151	Total Amount	Percent Accounted
Jan-20	21.299	17.314	2.000	0.000	0.000	19.314	90.68%
Feb-20	19.261	16.555	1.400	0.000	0.000	17.955	93.22%
Mar-20	23.874	20.258	1.500	0.000	0.000	21.758	91.14%
Apr-20	25.520	20.707	2.500	0.000	0.000	23.207	90.94%
May-20	27.986	23.889	2.000	0.000	0.000	25.889	92.51%
Jun-20	32.674	26.918	2.000	0.000	0.500	29.418	90.03%
Jul-20	36.621	30.975	1.850	0.000	0.650	33.475	91.41%
Aug-20	37.007	29.477	4.500	0.000	0.600	34.557	93.38%
Sep-20	29.538	25.826	1.200	0.000	0.945	27.971	94.69%
Oct-20	27.800	24.755	1.000	0.000	0.650	26.405	94.98%
Nov-20	25.948	22.039	1.000	0.000	0.945	23.984	92.43%
Dec-20	21.410	18.681	0.500	0.000	0.590	19.771	92.34%
Jan-21	20.464	17.381	0.650	0.000	1.000	19.031	93.00%
Feb-21	23.857	19.921	1.200	0.000	0.700	21.821	91.47%
Mar-21	23.992	19.792	1.500	0.000	0.800	22.092	92.08%
Apr-21	25.638	23.101	0.000	0.000	0.800	23.901	93.22%
May-21	26.438	20.382	3.800	0.000	0.800	24.982	94.49%
Jun-21	26.529	23.765	0.000	0.000	0.600	24.365	91.84%
Jul-21	28.227	22.834	2.000	0.000	0.800	25.631	90.80%
Aug-21	35.609	30.605	2.000	0.000	0.800	33.405	93.81%
Sep-21							
Oct-21							
Nov-21							
Dec-21							
Total	539.692	455.175	32.600	0.000	11.180	498.932	1848.47%
Average	26.985	22.759	1.630	0.000	0.559	24.947	92.42%



NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
Groundwater and/or Surface Water Reporting and Billing Form - 2021

Report filed online <http://oprs.nhcrwa.com>

Name of Well Owner or Recipient of Surface Water: Harris County MUD 109

Billing period for which the report is being filed

<i>Billing Period</i>	<i>Rate per 1,000 gallons</i>	<i>Due Date</i>
August 01-31, 2021	\$4.60 groundwater \$5.05 surface water	October 18, 2021

Gallons of Groundwater Pumped for Billing Period

	Start Meter Reading	End Meter Reading	Total
Well #2083	263,412 x1000	263,887 x1000	475,000
Well #4448	938,725 x1000	975,268 x1000	36,543,000
Adjustment			0

Water imported from outside NHCRWA

Imported water Meter reading:	Source:		
	x	x	0

Miscellaneous water (not billed)

Other entity	Water Type	Direction	Amount
	Groundwater	Out	

1	Enter total gallons of groundwater pumped and/or imported	37,018,000
2	Divide by 1000	37,018
3	Total groundwater fee due (multiply line 2 x \$4.60)	\$170,282.80
4	Enter total gallons of surface water received	0
5	Divide by 1000	0
6	Total surface water fee due (multiply line 5 x \$5.05)	\$0.00
7	Deduct 2003 Capital Contribution Credit amount, if applicable	(\$12,261.25)
8	Deduct 2005 Capital Contribution Credit amount, if applicable	(\$0.00)
9	Deduct 2008 Capital Contribution Credit amount, if applicable	(\$0.00)
10	Deduct Chloramination System Credit or other asset credit, if applicable	(\$0.00)
11	Other Credits:	(\$0.00)
12	Total due	\$158,021.55

If your payment is received late, the Authority will send you an invoice for the late fees set forth in the Rate Order.

I declare that the above information is true and correct to the best of my knowledge and belief.

Date: September 03, 2021

Signed: 

Name: Paul Villarreal

Title: Operator

Make check payable to:

North Harris County Regional Water Authority; Dept. 35, P.O. Box 4346 Houston, Texas 77210-4346

Please mail this form with the payment or fax to 281-440-4104, phone: 281-440-3924

[Click here](#) to return to the Home Page.

HARRIS COUNTY MUD 109

JANUARY 2021 THROUGH DECEMBER 2021 ANNUAL RECAP COLLECTIONS REPORT

	January	February	March	April	May	June	July	August	September	October	November	December	
COLLECTIONS:	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
WATER PAYMENTS	\$ 56,562.68	\$ 43,683.57	\$ 50,602.11	\$ 48,253.12	\$ 50,706.04	\$ 49,394.39	\$ 46,664.10	\$ 54,550.70					\$ 400,416.71
SEWER PAYMENTS	\$ 53,289.47	\$ 48,043.35	\$ 52,080.35	\$ 47,602.00	\$ 50,028.79	\$ 49,306.02	\$ 46,394.56	\$ 51,934.45					\$ 398,678.99
PENALTY PAYMENTS	\$ 196.46	\$ 55.74	\$ 27.85	\$ -	\$ -	\$ -	\$ -	\$ 1,889.39					\$ 2,169.44
CHCRWA	\$ 79,585.68	\$ 65,201.48	\$ 74,785.08	\$ 77,155.72	\$ 91,372.18	\$ 84,461.60	\$ 87,204.46	\$ 99,790.65					\$ 659,556.85
RECONNECT FEES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ -
MISCELLANEOUS	\$ 825.00	\$ 538.06	\$ 783.20	\$ 811.93	\$ 748.07	\$ 925.00	\$ 1,150.00	\$ 1,150.00					\$ 6,931.26
DEPOSIT	\$ 3,600.00	\$ 3,000.00	\$ 4,500.00	\$ 5,300.00	\$ 3,500.00	\$ 6,300.00	\$ 5,900.00	\$ 6,450.00					\$ 38,550.00
NSF FEES	\$ 35.00	\$ 62.00	\$ 99.30	\$ 5.70	\$ 105.00	\$ -	\$ 70.00	\$ 140.00					\$ 517.00
INSPECTION FEES	\$ 913.40	\$ 561.00	\$ 961.00	\$ 641.00	\$ 520.00	\$ 1,042.00	\$ 836.23	\$ 681.00					\$ 6,155.63
TOTAL DEPOSIT	\$ 195,007.69	\$ 161,145.20	\$ 183,838.89	\$ 179,769.47	\$ 196,980.08	\$ 191,429.01	\$ 188,219.35	\$ 216,586.19	\$ -	\$ -	\$ -	\$ -	\$ 1,512,975.88
ARREARS BREAKDOWN													
30 DAYS	\$ 34,776.38	\$ 35,061.01	\$ 32,765.87	\$ 38,910.53	\$ 43,388.55	\$ 37,756.69	\$ 60,426.54	\$ 46,049.50					\$ 329,135.07
60 DAYS	\$ 10,350.36	\$ 9,337.00	\$ 8,253.39	\$ 9,464.57	\$ 9,141.71	\$ 12,028.26	\$ 9,158.62	\$ 13,873.54					\$ 81,607.45
90 DAYS	\$ 3,205.04	\$ 2,026.61	\$ 1,638.30	\$ 1,668.33	\$ 2,219.11	\$ 1,621.34	\$ 2,832.51	\$ 2,376.68					\$ 17,587.92
120 DAYS	\$ 7,771.49	\$ 9,342.26	\$ 8,857.95	\$ 8,073.65	\$ 8,648.85	\$ 9,346.60	\$ 10,484.80	\$ 11,407.67					\$ 73,933.27
OVER PAYMENTS	\$ (10,909.06)	\$ (9,051.91)	\$ (9,570.25)	\$ (9,185.03)	\$ (9,591.48)	\$ (9,505.59)	\$ (9,782.28)	\$ (11,436.48)					\$ (79,012.08)
TOTAL ARREARS	\$ 45,194.21	\$ 46,714.97	\$ 41,945.26	\$ 48,952.05	\$ 53,806.74	\$ 51,247.30	\$ 73,120.19	\$ 62,270.91	\$ -	\$ -	\$ -	\$ -	\$ 423,251.63



August 13, 2021

Harris County M.U.D. #109
P. O. Box 680529
Houston, Texas 77268-0529

Attn: Mr. Paul Villarreal

Reference: Water Well #1

Dear Mr. Villarreal,

In accordance with your request, an abbreviated test was performed on the District's No. 1 water well determine the current operating condition. The test was performed on August 12th with the results outlined below:

<u>WELL #1</u>	
STATIC LEVEL	237 feet
OPERATING PRESSURE	10 PSI
PUMPING LEVEL	300 feet
FLOW RATE	2053 GPM
PUMP SETTING	460 feet
PUMP SUBMERGENCE	160 feet
SAND START UP	5 ppm
SAND (45 MIN)	1 ppm

The test indicated that the well is operating in satisfactory condition.

Attached, please find the water level graph.

We appreciate this opportunity to be of service. If you have any questions or comments, please call.

Sincerely,

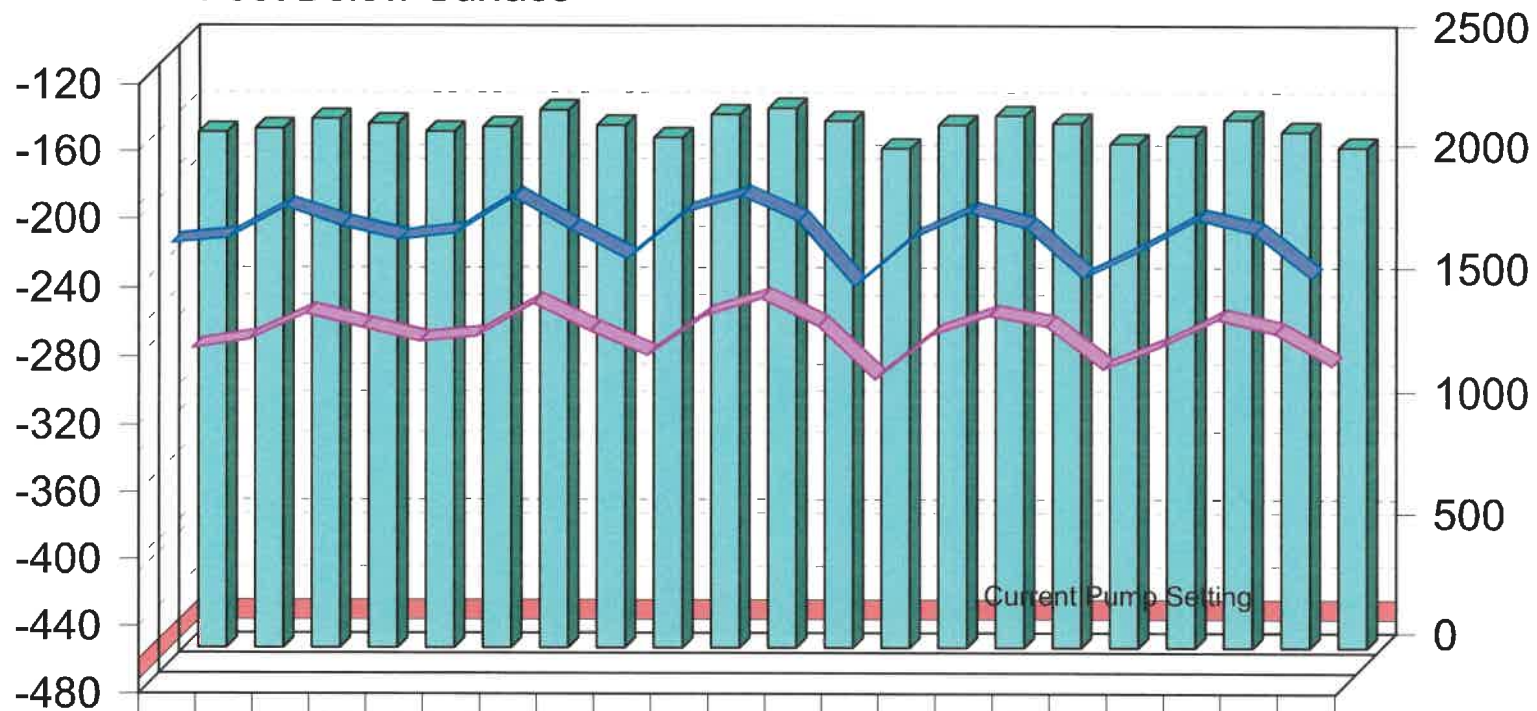
Gary McMurrey
G-M Services

Harris County M.U.D. #109

Well #1 - Screened 780' thru 1150'

Static Water Level Capacity (GPM) Pumping Level

Feet Below Surface



	8/16	11/16	2/17	5/17	8/17	11/17	2/18	5/18	8/18	11/18	2/19	5/19	8/19	11/19	2/20	5/20	8/20	11/20	2/21	5/21	8/21
Static Water Level	-217	-214	-196	-207	-215	-211	-190	-209	-226	-199	-189	-204	-242	-214	-199	-208	-237	-221	-203	-211	-237
Capacity (GPM)	2116	2132	2173	2153	2119	2139	2211	2146	2094	2192	2219	2164	2048	2148	2187	2155	2069	2104	2171	2119	2053
Pumping Level	-290	-285	-270	-278	-286	-283	-264	-280	-294	-271	-261	-277	-308	-282	-271	-277	-302	-289	-273	-281	-300



August 13, 2021

Harris County M.U.D. #109
P. O. Box 680529
Houston, Texas 77268-0529

Attn: Mr. Paul Villarreal

Reference: Water Well #2

Dear Mr. Villarreal,

In accordance with your request, an abbreviated test was performed on the District's No. 2 water well to determine the current operating condition. The test was performed on August 12th with the results outlined below:

<u>WELL #2</u>	
STATIC LEVEL	184 feet
OPERATING PRESSURE	60 PSI
PUMPING LEVEL	273 feet
FLOW RATE	1842 GPM
PUMP SETTING	400 feet
PUMP SUBMERGENCE	127 feet
SAND START UP	2 ppm
SAND (45 MIN)	1 ppm

The test indicated the well is operating in satisfactory condition.

Attached, please find the water level graph for well #2.

We appreciate this opportunity to be of service. If you have any questions or comments, please call.

Sincerely,

Gary McMurrey
G-M Services

Harris County M.U.D. #109

Well #2 - Screened 780' thru 1150'

