

**GALVESTON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 44**
(Galveston County, Texas)

**OFFICIAL NOTICE OF SALE AND
PRELIMINARY OFFICIAL STATEMENT**

DATED: August 3, 2021

\$4,650,000
UNLIMITED TAX BONDS
SERIES 2021

BIDS TO BE SUBMITTED: 11:00 A.M., Central Time
Tuesday, October 5, 2021

BIDS TO BE PRESENTED: 4:00 P.M., Central Time
Tuesday, October 5, 2021



Financial Advisor

**Capital
Markets**

This OFFICIAL NOTICE OF SALE does not alone constitute an invitation for bids on the Bonds but is merely notice of sale of the Bonds described herein. The invitation for bids is being made by means of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM attached hereto. Information contained in this OFFICIAL NOTICE OF SALE is qualified in its entirety by the detailed information contained in the PRELIMINARY OFFICIAL STATEMENT.

NEW ISSUE – Book-Entry-Only

OFFICIAL NOTICE OF SALE

\$4,650,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

**(A Political Subdivision of the State of Texas
Located in Galveston County, Texas)**

UNLIMITED TAX BONDS, SERIES 2021

Sealed Bids Due by: Tuesday, October 5, 2021 at 11:00 A.M., Central Time

The Bonds are obligations solely of Galveston County Municipal Utility District No. 44 (the “District”) and are not obligations of the State of Texas, Galveston County, the City of League City, or any entity other than the District.

THE DISTRICT WILL DESIGNATE THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

THE SALE

Bonds Offered for Sale at Competitive Bid . . . The Board of Directors (the “Board”) of Galveston County Municipal Utility District No. 44 (the “District”), is offering for sale at competitive bid \$4,650,000 Unlimited Tax Bonds, Series 2021 (the “Bonds”).

Place and Time of Sale . . . The Board will receive bids at the designated meeting place outside the boundaries of the District, at South Shore Harbour Resort & Conference Center, 2500 South Shore Harbour Boulevard, League City, Texas 77573 at 11:00 A.M., Central Time, on Tuesday, October 5, 2021 and the bids will be publicly read at 4:00 P.M., Central Time. Sealed bids, which must be submitted in duplicate on the Official Bid Form and plainly marked “Bid for Bonds,” are to be addressed to “President and Board of Directors, Galveston County Municipal Utility District No. 44” and should be delivered to the District’s Financial Advisor, RBC Capital Markets, LLC, 609 Main St., Suite 3600, Houston, Texas 77002, prior to 11:00 A.M., Central Time, Tuesday, October 5, 2021. Any bid received after such scheduled time for receipt of bids will not be accepted and will be returned unopened.

Electronic Bidding Procedure . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, prior to 11:00 A.M., Central Time, Tuesday, October 5, 2021, two (2) SIGNED copies of the Official Bid Forms, to Mr. Loren Morales, RBC Capital Markets, LLC, 609 Main St. Suite 3600, Houston, Texas 77002. Subscription to the i-Deal’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Electronic bids must be received via PARITY in the manner described below, prior to 11:00 A.M., Central Time, on Tuesday, October 5, 2021.

Electronic bids must be submitted via PARITY in accordance with this Official Notice of Sale, prior to 11:00 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. An electronic bid made through the facilities of PARITY shall be deemed a sealed, irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Official Notice of Sale shall conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from i-Deal, 395 Hudson Street, New York, New York 10014, (212) 806-8304.

For purposes of both the written bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net effective interest rate to the District, as described under “CONDITIONS OF SALE – Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids by Telephone or Facsimile . . . Bidders must submit, prior to, Tuesday, October 5, 2021, two (2) SIGNED copies of the Official Bid Form to Mr. Loren Morales, RBC Capital Markets, LLC, 609 Main St., Suite 3600, Houston, Texas 77002 and submit their bid by telephone or facsimile on the date of sale by 11:00 A.M., Central Time.

Mr. Loren Morales of RBC Capital Markets, LLC will call telephone bidders who have submitted SIGNED Official Bid Forms prior to the date of the sale. Fax bids must be received by 11:00 A.M., Central Time, on the date of the sale. Contact Loren Morales (713) 651-3342 of RBC Capital Markets, LLC on the day of the sale to obtain the fax phone numbers.

Late Bids and Irregularities . . . RBC Capital Markets, LLC is not authorized to receive and will not be responsible for the submission of any bids made after the time prescribed nor does the District or RBC Capital Markets, LLC assume any responsibility or liability with respect to any irregularities associated with the submission, transcription, delivery, or electronic or facsimile transmission of any bid. The District reserves the right to waive any irregularity except time of bid.

Award of Bonds . . . The District will take action to award the Bonds or reject all bids promptly upon the Board reviewing and approving the bids. Upon awarding the Bonds, the District also will adopt the order authorizing issuance of the Bonds (the “Bond Order”) and will approve the Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order, to which reference is hereby made for all purposes, and subject to compliance with Texas Government Code § 2252.908 as more fully described below. **The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing of the bids.**

THE BONDS

Description of Certain Terms of the Bonds . . . The Bonds will be dated November 10, 2021, with interest payable on March 1, 2022, and semiannually on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or prior redemption. The Bonds will be delivered to the Initial Purchaser (hereinafter defined) as one initial Bond in the aggregate principal amount of \$4,650,000, in fully registered form, and may be exchanged for bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued only in fully registered form. Principal will be payable to the registered owner(s) of the Bonds (the “Bondholder(s)”) upon presentation and surrender at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check of the Paying Agent/Registrar, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to the bondholders, as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the “Record Date”). The Bonds will mature serially on September 1 in each of the following years in the following amounts:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount</u>
2022	\$180,000	2031	\$260,000
2023	205,000	2032	270,000
2024	210,000	2033	275,000
2025	220,000	2034	285,000
2026	225,000	2035	295,000
2027	230,000	2036	300,000
2028	240,000	2037	310,000
2029	245,000	2038	320,000
2030	250,000	2039	330,000

Redemption Provisions . . . The District reserves the right, at its option, to redeem Bonds maturing on or after September 1, 2028, in whole or from time to time in part in integral multiples of \$5,000 of principal amount on September 1, 2027, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all the Bonds are redeemed the District shall determine the maturity or maturities and the amounts thereof to be redeemed in integral multiples of \$5,000 within a maturity. If less than all of the Bonds within a maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar by method of random selection.

Source and Security of Payment . . . The Bonds will constitute valid and legally binding obligations of the District, with principal and interest payable solely from the proceeds of a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property located within the District.

Other Terms and Covenants . . . Other terms of the Bonds and various covenants of the District contained in the Bond Order are described in the Preliminary Official Statement, to which reference is made for all purposes.

CONDITIONS OF SALE

Types of Bids and Interest Rates . . . The Bonds will be sold in one block, all or none, and no bid of less than 97% of par value plus accrued interest to the date of delivery will be considered. Bidders must specify the rate or rates of interest the Bonds will bear, but no bid which results in a net effective interest rate, as defined by Chapter 1204, Texas Government Code (the IBA method), of more than two percentage points (2%) above the highest “20 Bond Index” as reported by the “Bond Buyer” during the thirty (30) day period prior to the date of this OFFICIAL NOTICE OF SALE will be considered. Interest rates must be in multiples of 1/8 or 1/20 of 1%. Any number of interest rates and rate changes may be named, but graduating or declining interest rates within a maturity, split interest rates within a maturity, or supplemental or zero interest rates will not be acceptable. No bid generating a cash premium greater than \$5,000 will be accepted.

Serial Bonds and/or Term Bonds . . . Bidders have the option of specifying that the principal amount of the Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into one or more term bonds. Term bonds may be used for any of the maturities in the years 2028 through 2039, both inclusive. Bidders may reestablish serial bonds following a term bond.

In the event that bidders choose to specify one or more term bonds, such term bonds will be subject to mandatory redemption by the District prior to their scheduled maturities on September 1 in the years and in the amounts set forth in the maturity schedule of the serial bonds. The term bonds, along with the serial bonds maturing on and after September 1, 2028, will be subject to optional redemption on September 1, 2027, or any date thereafter, in whole or from time to time in part, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Basis of Award . . . For the purpose of awarding sale of the Bonds, the total interest cost of each bid will be computed by determining, at the interest rate or rates specified, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting therefrom the premium bid, if any. The District reserves the right to reject any or all bids and to waive any and all irregularities except time of filing. Subject to such rights, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest net effective interest rate to the District. In the event of mathematical discrepancies between the interest rate or rates and the interest rate cost determined therefrom, as both appear on the Official Bid Form, the bid will be solely governed by the interest rates shown on the Official Bid Form.

Good Faith Deposit . . . Each bid must be accompanied by a bank cashier’s check payable to the order of “Galveston County Municipal Utility District No. 44,” in the amount of \$93,000 which is 2% of the principal amount of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the “Initial Purchaser”) will be retained uncashed by the District until the Bonds are delivered. No interest will be paid on the Good Faith Deposit. Upon payment for and delivery of the Bonds in immediately available funds, the Good Faith Deposit will be returned uncashed to the Initial Purchaser. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid, then the check will be cashed and accepted by the District as full and complete liquidated damages. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded.

Provision of Texas Ethics Commission Form 1295 ("TEC Form 1295") by Bidders. . . . Pursuant to Texas Government Code § 2252.908 (the "Interested Party Disclosure Act" or the "Act"), the District may not award the Bonds to a bidder unless the bidder, and each syndicate member listed on the Official Bid Form, unless such bidder or syndicate member is either exempt from such requirements pursuant to Texas Government Code § 2252.908(c)(4) or has provided to the District (c/o District Financial Advisor with contact info) a completed and signed TEC Form 1295 which has been assigned a certificate number by the Texas Ethics Commission (the "TEC"). Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC's website, assigned a certificate number, printed, and signed, and provided to the District. The TEC Form 1295 may accompany the Official Bid Form or may be submitted separately, but must be provided to the District prior to the time prescribed for the award of the Bonds. The TEC Form 1295 may be provided to the District via facsimile or electronically, however, the original signed and notarized TEC Form 1295 complete with certificate number must be physically delivered to the District within two business days of the award. Following the award of the Bonds, the District will notify the TEC of the receipt of each completed TEC Form 1295. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein. For purposes of completing the TEC Form 1295, the entity's name is Galveston County Municipal Utility District No. 44 and the contract ID number is GCMUD44 – S2021 – B. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to its exemption from the requirement of the Act or the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to either confirm its exemption from the requirements of the Act or submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

Compliance with laws prohibiting contracts with companies boycotting Israel and certain companies engaged in business with Iran, Sudan or foreign terrorist organizations...By submission of a bid for the Bonds, the bidder represents and verifies that, to the extent a bid for the Bonds represents a contract for goods or services within the meaning of Section 2271.002 of the Texas Government Code, as amended, solely for purposes of Chapter 2271 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of a bid and through the end of the underwriting period as defined by United States Securities and Exchange Commission Rule 15c2-12, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, by submitting a bid, the bidder also represents and certifies that, to the extent a bid for the Bonds represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of this bid, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" in this paragraph the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Compliance with laws prohibiting contracts with companies that boycott energy companies . . . By submission of a bid for the Bonds, the bidder represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), as amended, neither the bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. The bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder or syndicate member listed on the Official Bid Form, as applicable, and exists to make a profit.

Compliance with laws prohibiting contracts with companies that discriminate against a firearm entity or trade association . . . By submission of a bid for the Bonds, the bidder represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the neither bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form

- (1) have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and
- (2) such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19). The bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder or syndicate member listed on the Official Bid Form, as applicable, and exists to make a profit.

Rule G-36 Requirements . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-36 within the required time frame.

Competitive Bidding and Certificate of Initial Purchaser . . . In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i), which would allow the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the Bonds, then the "hold-the-offering-price rule" shall apply, which will allow the District to treat the initial offering price to the public of each maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule applies to any maturity of the Bonds, the Initial Purchaser will neither offer nor sell that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the date on which the Initial Purchaser has sold at least 10 percent of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public or (ii) the close of the fifth business day after the sale date. The Initial Purchaser agrees to promptly report to the District's financial advisor when it has sold 10 percent of a maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth business day after the sale date. Alternative Certificates of Initial Purchaser are attached for use (a) when the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i) are met and (b) when such requirements are not met.

OFFICIAL STATEMENT

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC").

Final Official Statement . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose, except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, any ratings assigned to the Bonds (if not currently included), the purchase of municipal bond insurance and the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT – Certification as to Official Statement."

Changes to Official Statement . . . If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Conditions to Delivery." The obligation of the District to do so will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies in writing the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not for more than 90 days after the sale date) until all of the Bonds have been sold to ultimate customers.

Delivery of Official Statements . . . The District will furnish to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven business days after the sale date, the aggregate number of Official Statements specified in the winning bid. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 90th day after the end of the underwriting period referred to in SEC Rule 15c2-12(f)(2). The District will pay the expense of preparing up to 250 copies of the Official Statement and an equal number of copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

Continuing Disclosure . . . The District will agree in the Bond Order to provide certain periodic information and notices of certain specified events in accordance with Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser of the certified copy of the Bond Order containing the agreement described under such heading. During the last 5 years, the District has not failed to comply in all material respects with all continuing disclosure agreements made by them in accordance with SEC Rule 15c2-12(b)(5)(i).

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Initial Delivery of Initial Bonds . . . Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond in the principal amount of the Bonds, payable in stated installments (the “Initial Bonds”), either in typed or printed form, 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, manually signed or signed by facsimile by the President or Vice President and Secretary or Assistant Secretary of the Board, or executed by such facsimile signatures and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or his authorized deputy. After delivery of the Initial Bonds, they shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. and deposited with DTC in connection with DTC’s Book-Entry-Only System. See “THE BONDS – Book-Entry-Only System” in the Preliminary Official Statement. Initial Delivery will be at the principal payment office of the Paying Agent/Registrar in Houston, Texas on or about November 10, 2021. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given five (5) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about November 10, 2021, and, subject to the aforementioned notice, it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 12:00 A.M., Central Time, November 10, 2021, or thereafter on the date the Bonds are tendered for delivery, up to and including December 10, 2021. If for any reason the District is unable to make delivery on or before December 10, 2021, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

Delivery of Exchange Bonds . . . Upon presentment of the Initial Bond and upon payment for the Initial Bond by the Initial Purchaser, the Paying Agent/Registrar shall cancel the Initial Bond and deliver the exchange Bonds in denominations of \$5,000 of principal amount or any integral multiple of \$5,000 for any one maturity registered in the name of Cede & Co. through the Book-Entry-Only System of the DTC. It is understood that all costs and expenses for the shipping, packing, insuring and delivery of the exchange Bonds shall be borne by the Initial Purchaser if the Initial Purchaser requests delivery of the exchange Bonds at any location other than the corporate trust office of the Paying Agent/Registrar.

CUSIP Numbers . . . It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this OFFICIAL NOTICE OF SALE. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. The CUSIP Global Services charge for the assignment of the numbers shall be the responsibility of and shall be paid by the Initial Purchaser.

Conditions to Delivery . . . The Initial Purchaser’s obligation to accept delivery of and pay for the Bonds is subject to the issuance or delivery of (i) the legal opinion of the Attorney General of Texas as to the legality of the Bonds, (ii) the legal opinion of Smith, Murdaugh, Little & Bonham, LLP (“Bond Counsel”), and (iii) the No-Litigation Certificate, and the non-occurrence of the events indicated under “No Material Adverse Change” all as described below.

Legal Opinions . . . The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding special obligations of the District, payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount upon all taxable property in the District, and, based upon an examination of such transcript, the approving legal opinion of Bond Counsel to a like effect and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the alternative minimum tax.

Qualified Tax-Exempt Obligations . . . The Internal Revenue Code of 1986 (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.

No-Litigation Certificate . . . The District will furnish the Initial Purchaser a certificate executed by both the President or Vice-President and Secretary or Assistant Secretary of the Board, dated as of the date of delivery of the Bonds, to the effect that there is not pending, and, to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, the levy and/or collection of the funds from which the Bonds are payable, or the organization or boundaries of the District or the title of the offices thereof to their respective offices.

No Material Adverse Change . . . The obligation of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the conditions of the District (financial or otherwise) from those set forth in or contemplated by the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

GENERAL CONSIDERATIONS

Book-Entry-Only System . . . The District intends to utilize the Book-Entry-Only System of the DTC. See “THE BONDS – Book-Entry-Only System” in the Preliminary Official Statement.

Future Registration . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred, registered and exchanged only on the registration books of the Paying Agent/Registrar, and such registration shall be at the expense of the District, although 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 any Bond. A Bond may be transferred or exchanged upon surrender to the Paying Agent/Registrar accompanied by a written instrument of transfer acceptable to the Paying Agent/Registrar duly executed by the registered owner thereof or his attorney duly authorized in writing. Upon surrender for transfer of any Bond to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same stated maturity and of any authorized denomination and of a like aggregate principal amount.

Risk Factors . . . The Bonds involve certain risk factors. Prospective bidders are urged to examine carefully the entire Preliminary Official Statement, made a part hereof, with respect to the investment security of the Bonds. Particular attention should be given to the information set forth therein under the caption “RISK FACTORS.”

Not an Offer to Sell . . . This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form.

Municipal Bond Rating and Insurance . . . The District has made application to S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) for an underlying rating on the Bonds and S&P has assigned a rating of “_____”. If the Initial Purchaser chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Initial Purchaser be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer.

Applications have been made for a commitment to issue a policy of 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, will be at the option and expense of the Initial Purchaser. The Initial Purchaser understands, by submission of its bid, that the Initial Purchaser is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings as is described above. See “MUNICIPAL BOND RATING AND INSURANCE RATING”.

Registration and Qualification of Bonds for Sale . . . The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, or under the Securities Act of Texas in reliance upon the exemptions provided thereunder; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for the 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. By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than the State of Texas will be made pursuant to exemptions from registration or qualification, or where necessary, the Initial Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

Additional Copies of Documents . . . Additional copies of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form may be obtained from the Financial Advisor, Mr. Loren Morales, RBC Capital Markets, LLC, 609 Main St., Suite 3600, Houston, Texas 77002.

|s|

W. E. White, President
Board of Directors
Galveston County Municipal
Utility District No. 44

OFFICIAL BID FORM

President and Board of Directors
Galveston County Municipal Utility District No. 44
c/o Smith, Murdaugh, Little & Bonham, LLP
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

Members of the Board:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of Galveston County Municipal Utility District No. 44 (the "District") relating to its \$4,650,000 Unlimited Tax Bonds, Series 2021 (the "Bonds"), which by reference are made a part hereof. We recognize the special investment risks involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale and the Preliminary Official Statement, for a cash price of \$_____ (which represents _____% of the principal amount thereof) plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds mature September 1 and bear interest in each year at the following rates:

<u>Due</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2022	\$180,000	____%	2031 ^(a)	\$260,000	____%
2023	205,000	____%	2032 ^(a)	270,000	____%
2024	210,000	____%	2033 ^(a)	275,000	____%
2025	220,000	____%	2034 ^(a)	285,000	____%
2026	225,000	____%	2035 ^(a)	295,000	____%
2027	230,000	____%	2036 ^(a)	300,000	____%
2028 ^(a)	240,000	____%	2037 ^(a)	310,000	____%
2029 ^(a)	245,000	____%	2038 ^(a)	320,000	____%
2030 ^(a)	250,000	____%	2039 ^(a)	330,000	____%

(a) Subject to optional redemption in whole or in part on September 1, 2027, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest.

Our calculation (which is not a part of this bid) of the interest cost from the above bid is:

Total Interest Cost.....	\$ _____
Plus: Cash Discount	\$ _____
Net Interest Cost	\$ _____
Net Effective Interest Rate	_____ %

Of such principal maturities set forth above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond, or no term bonds if none is indicated.) For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years. The term bonds created are as follows:

<u>Term Bond</u> <u>Maturity Date</u> <u>(September 1)</u>	<u>First Year of</u> <u>Mandatory</u> <u>Redemption</u>	<u>Principal Amount</u> <u>of Term Bonds</u>	<u>Interest</u> <u>Rate</u>
_____	_____	\$ _____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%
_____	_____	_____	____%

The initial bonds and definitive bonds shall be registered in the name of Cede & Co. and delivered through the Book-Entry-Only System of the Depository Trust Company.

Cashier's Check No. _____, issued by _____ Bank, _____, Texas and payable to your order in the amount of \$93,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us. We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

The District may not accept this bid until it has received from the bidder, if that bidder is a privately held entity, a completed and signed TEC Form 1295 complete with a certificate number assigned by the Texas Ethics Commission ("TEC"), pursuant to Texas Government Code § 2252.908 and the rules promulgated thereunder by the TEC. The undersigned understands that failure to provide said form complete with a certificate number assigned by the TEC as provided for in the Official Notice of Sale will result in a non-conforming bid and will prohibit the District from considering this bid for acceptance.

By executing this Bid Form, the bidder represents and verifies that, to the extent this bid for the Bonds represents a contract for goods or services within the meaning of Section 2271.002 of the Texas Government Code, as amended, solely for purposes of Chapter 2271 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of this bid and through the end of the underwriting period as defined by United States Securities and Exchange Commission Rule 15c2-12, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

By executing this Bid Form, the bidder also represents and certifies that, to the extent this bid for the Bonds represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of this bid, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" in this paragraph the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

By executing this Bid Form, the bidder also represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), as amended, neither the bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. The bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder or syndicate member listed on the Official Bid Form, as applicable, and exists to make a profit.

By executing this Bid Form, the bidder also represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the neither bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form

- (1) have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and
- (2) such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19). The bidder and any syndicate member listed on the Official Bid Form understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder or syndicate member listed on the Official Bid Form, as applicable, and exists to make a profit.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the “issue price” of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale.

We agree to make payment for the Initial Bond in immediately available funds at the offices Zions Bancorporation, National Association, Houston, Texas, not later than 11:00 A.M. Central Time, on November 10, 2021, or thereafter on the date the Bonds are tendered for delivery pursuant to the terms set forth in the Official Notice of Sale.

Respectfully submitted,

By: _____
Authorized Representative

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Galveston County Municipal Utility District No. 44 this ____ day of _____, 2021.

ATTEST:

Terry Finkle
Secretary, Board of Directors

W. E. White
President, Board of Directors

**CERTIFICATE OF INITIAL PURCHASER – FEDERAL INCOME TAX COMPETITIVE BIDDING
REQUIREMENTS MET**

The undersigned hereby certifies as follows with respect to the sale of \$4,650,000 Galveston County Municipal Utility District No. 44 Unlimited Tax Bonds, Series 2021 (the “Bonds”):

1. The undersigned is the underwriter or the manager of the syndicate of underwriters (the “Initial Purchaser”) that has purchased the Bonds from Galveston County Municipal Utility District No. 44 (the “District”) at competitive sale.
2. The Initial Purchaser was not given the opportunity to review other bids prior to submitting its bid, and the bid submitted by the Initial Purchaser constituted a firm bid to purchase the Bonds.
3. As of the sale date, the reasonably expected initial offering prices of the Bonds to the public by the Initial Purchaser (expressed as a percentage of principal amount and exclusive of accrued interest) is as set forth below:

Due (September 1)	Principal Amount	Interest Rate	Due (September 1)	Principal Amount	Interest Rate
2022	\$180,000	___%	2031 ^(a)	\$260,000	___%
2023	205,000	___%	2032 ^(a)	270,000	___%
2024	210,000	___%	2033 ^(a)	275,000	___%
2025	220,000	___%	2034 ^(a)	285,000	___%
2026	225,000	___%	2035 ^(a)	295,000	___%
2027	230,000	___%	2036 ^(a)	300,000	___%
2028 ^(a)	240,000	___%	2037 ^(a)	310,000	___%
2029 ^(a)	245,000	___%	2038 ^(a)	320,000	___%
2030 ^(a)	250,000	___%	2039 ^(a)	330,000	___%

(a) Subject to optional redemption in whole or in part on September 1, 2027 or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest.

4. The Initial Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

5. The term “public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50 percent common ownership, directly or indirectly.

6. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is October 5, 2021.

7. The undersigned understands that the statements made herein will be relied upon by the District and Smith, Murdaugh, Little & Bonham, LLP in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED and DELIVERED this ____ day of _____, 2021.

(Name of Initial Purchaser or Manager)

By: _____

Title: _____

CERTIFICATE OF INITIAL PURCHASER – FEDERAL INCOME TAX COMPETITIVE BIDDING REQUIREMENTS NOT MET

The undersigned hereby certifies as follows with respect to the sale of \$4,650,000 Galveston County Municipal Utility District No. 44 Unlimited Tax Bonds, Series 2021 (the “Bonds”):

1. The undersigned is the underwriter or the manager of the syndicate of underwriters (the “Initial Purchaser”) that has purchased the Bonds from Galveston County Municipal Utility District No. 44 (the “District”).
2. As of the date of this certificate, for each of the following maturities (the “Sold Maturities”), the first price at which a substantial amount (at least ten percent) of such maturity was sold to the public (expressed as a percentage of principal amount and exclusive of accrued interest) is set forth below:

<u>Due</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2022	\$180,000	___%	2031 ^(a)	\$260,000	___%
2023	205,000	___%	2032 ^(a)	270,000	___%
2024	210,000	___%	2033 ^(a)	275,000	___%
2025	220,000	___%	2034 ^(a)	285,000	___%
2026	225,000	___%	2035 ^(a)	295,000	___%
2027	230,000	___%	2036 ^(a)	300,000	___%
2028 ^(a)	240,000	___%	2037 ^(a)	310,000	___%
2029 ^(a)	245,000	___%	2038 ^(a)	320,000	___%
2030 ^(a)	250,000	___%	2039 ^(a)	330,000	___%

(a) Subject to optional redemption in whole or in part on September 1, 2028 or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest.

3. As of the sale date for the Bonds, each of the following maturities (the “Unsold Maturities”) was offered to the public for purchase at the price (expressed as a percentage of principal amount and exclusive of accrued interest) set forth below:

<u>Principal</u> <u>Amount</u>	<u>Year of</u> <u>Maturity</u>	<u>Issue</u> <u>Price</u>	<u>Principal</u> <u>Amount</u>	<u>Year of</u> <u>Maturity</u>	<u>Issue</u> <u>Price</u>
\$					

4. As set forth in the Notice of Sale, the Initial Purchaser has agreed in writing that, for each of the Unsold Maturities, the Initial Purchaser would neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial offering price for each maturity, as set forth in the pricing wire or equivalent communication for the Bonds attached to this Certificate, during the Offering Period for such maturity, nor would the Initial Purchaser permit a related party to do so. Pursuant to such agreement, the Initial Purchaser has neither offered nor sold any of the Unsold Maturities at a price higher than the respective initial offering price for that maturity of the Bonds during the Offering Period.

5. The Initial Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

6. The term “public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50 percent common ownership, directly or indirectly.

7. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is October 5, 2021.

8. Offering Period means, with respect to an Unsold Maturity, the period beginning on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date or (b) the date on which the Initial Purchaser has sold at least 10 percent of such Unsold Maturity to the public at a price that is no higher than the initial offering price for such Unsold Maturity.

9. The undersigned understands that the statements made herein will be relied upon by the District and Smith, Murdaugh, Little & Bonham, LLP in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED and DELIVERED this ____ day of _____, 2021.

(Name of Initial Purchaser or Manager)

By: _____

Title: _____

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2021

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

The District will designate the Bonds as “qualified tax-exempt obligations.” See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry-Only

RATINGS: S&P (Underlying).....“ ”
(Insured)“ ”
See “MUNICIPAL BOND RATING AND
INSURANCE RATING” herein

\$4,650,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

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

UNLIMITED TAX BONDS, SERIES 2021

Dated: November 10, 2021

Due: September 1, as shown below

The Galveston County Municipal Utility District No. 44 (the “District”) is issuing its Unlimited Tax Bonds, Series 2021 (the “Bonds”) in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas (the “Paying Agent/Registrar”). Interest accrues from November 10, 2021, and is payable on March 1, 2022 and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds will be payable by check or draft, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to the registered owners as shown on the bond register kept by the Paying Agent/Registrar (the “Registered Owners”) on the fifteenth day of the month prior to each Interest Payment Date (the “Record Date”) 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.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield ^(a)	CUSIP Nos. ^(b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield ^(a)	CUSIP Nos. ^(b)
2022	\$180,000	___%	___%		2031 ^(c)	\$260,000	___%	___%	
2023	205,000	___%	___%		2032 ^(c)	270,000	___%	___%	
2024	210,000	___%	___%		2033 ^(c)	275,000	___%	___%	
2025	220,000	___%	___%		2034 ^(c)	285,000	___%	___%	
2026	225,000	___%	___%		2035 ^(c)	295,000	___%	___%	
2027	230,000	___%	___%		2036 ^(c)	300,000	___%	___%	
2028 ^(c)	240,000	___%	___%		2037 ^(c)	310,000	___%	___%	
2029 ^(c)	245,000	___%	___%		2038 ^(c)	320,000	___%	___%	
2030 ^(c)	250,000	___%	___%		2039 ^(c)	330,000	___%	___%	

- (a) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of the Initial Purchaser (hereinafter defined), and may subsequently be changed.
- (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. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers.
- (c) Bonds maturing on September 1, 2028, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption Provisions.” The yield on Bonds maturing on and after September 1, 2028 is calculated to the lower of yield to redemption or maturity. In addition, the Initial Purchaser (hereinafter defined) may designate one or more of the Bonds maturing in years 2028 through 2039, both inclusive, as term bonds.

The Bonds, when issued, will constitute valid and legally binding obligations of Galveston County Municipal Utility District No. 44 (the “District”) and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Galveston County, the City of League City or any entity other than the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

The Bonds are offered when, as and if issued, subject to approval of legality by the Attorney General of the State of Texas and by Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, Houston, Texas. Certain legal matters will be passed upon for the District by Bracewell LLP, Houston, Texas, Disclosure Counsel. The Bonds are expected to be available for delivery on November 10, 2021 in Houston, Texas.

SEALED BIDS TO BE SUBMITTED: 11:00 A.M., Central Time
SEALED BIDS TO BE OPENED: 4:00 P.M., Central Time
Tuesday, October 5, 2021

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), as amended, and in effect on the date of this Preliminary Official Statement ("Rule 15c2-12"), this document constitutes an Official Statement of the Issuer 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 the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the 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 RBC Capital Markets, LLC, 609 Main St, Suite 3600, Houston, Texas 77002, the Financial Advisor to the District.

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

None of the District, the Initial Purchaser, or the District's financial advisor make any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its book-entry- only system.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Galveston County Municipal Utility District No. 44 (the “District”) of its Unlimited Tax Bonds, Series 2021 (the “Bonds”). The District is a political subdivision of the State of Texas.

The Bonds are issued pursuant to the Constitution and laws of the State of Texas, particularly Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to an order adopted by the Board of Directors of the District and a pricing certificate to be executed by authorized officials of the District on the date of the sale of the Bonds (the order and the pricing certificate are collectively referred to herein as the “Bond Order”).

The Official Statement includes descriptions of the Bonds, the Bond Order, and certain information about the District and its financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the initial purchaser of the Bonds (the “Initial Purchaser”) prior to the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Initial Purchaser at the yields specified on the cover page. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchaser.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME-TO-TIME BY THE INITIAL PURCHASER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. Particularly, the reader should refer to indicated sections for more complete information on the discussed topic.

The District..... Galveston County Municipal Utility District No. 44 (the “District”), a political subdivision of the State of Texas, created by an Order of the Texas Commission on Environmental Quality (“TCEQ”), dated August 10, 2004, is located wholly within the City of League City’s corporate limits. The District is approximately 30 miles southeast of downtown Houston and generally bounded on the east by Tuscan Lakes Boulevard, on the south by FM 646 and on the west by Dickinson Avenue. The District operates under Chapter 54 and Chapter 49 of the Texas Water Code, and other general statutes of Texas applicable to municipal utility districts. See “THE DISTRICT.”

The Issue..... \$4,650,000 Galveston County Municipal Utility District No. 44 Unlimited Tax Bonds, Series 2021 (the “Bonds”) are issued pursuant to an order of the District’s Board and a pricing certificate to be executed by authorized officials of the District on the date of the sale of the Bonds (the order and the pricing certificate are collectively referred to herein as the “Bond Order”). The Bonds aggregate to a principal amount of \$4,650,000, maturing annually on September 1 in varying amounts in the years 2022 through 2039, both inclusive. Bonds maturing on September 1, 2028, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Interest on the Bonds is payable on each March 1 and September 1 beginning March 1, 2022. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount. See “THE BONDS.”

Infectious Disease

Outbreak (COVID-19).. In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to 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.

Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities. 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, either expressly or by implication, into this Official Statement.

The COVID-19 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. In addition, the federal government has taken, and continues to consider additional action without precedent in effort to counteract or mitigate the Pandemic’s economic impact. These conditions and related responses and reactions may

reduce or negatively affect property values within the District, although the District is not predicting a material adverse impact on its property values (see “AD VALOREM PROPERTY TAXATION”). 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 operations and maintenance expenses payable from ad valorem taxes.

Book-Entry-Only	The Bonds are initially issuable in book-entry-only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. See “THE BONDS – Book-Entry-Only System.”
Tax-Exemption	In the opinion of Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and the Bonds are not subject to the alternative tax on individuals. See “TAX MATTERS” herein for a discussion of Bond Counsel’s opinions.
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax levied, without limitation as to rate or amount, upon all taxable property within the District. The Bonds are obligations of the District, and are not obligations of the State of Texas, Galveston County, the City of League City, Texas, or any entity other than the District. In addition, property owners of the District will also pay an ad valorem tax to political subdivisions having jurisdiction over land within the District. See “THE BONDS – Source of Payment.”
Use of Proceeds	Proceeds from the sale of the Bonds will be used to finance water, sanitary sewer, and drainage facilities for the following development within the District: 1) Tuscan Lakes Section 55-2 and 60-2; 2) Tuscan Lakes Section 55-3 and 60-3; 3) Tuscan Lakes Sections 50-6; and 4) Villages at Tuscan Lakes Entry Road. In addition, a portion of the proceeds from the issuance of the Bonds will be used for capital recovery fees. See “SOURCES AND USES OF FUNDS.”
Authorized but Unissued Bonds	After the issuance of the Bonds, the District will have (i) \$35,855,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities authorized but unissued, (ii) \$4,000,000 principal amount of unlimited tax park bonds for the park and recreational facilities and (iii) \$32,865,000 principal amount of unlimited tax refunding bonds authorized but unissued. See “THE BONDS – Issuance of Additional Debt.”
Qualified Tax-Exempt Obligations	The District will designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Municipal Bond Rating and Insurance.....	The District has made application to S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) for an underlying rating on the Bonds and S&P has assigned a rating of “_____.” If the Initial Purchaser chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Initial Purchaser be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer.

Applications have been made for a commitment to issue a policy of 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, will be at the option and expense of the Initial Purchaser. The Initial Purchaser understands, by submission of its bid, that the Initial Purchaser is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings as is described above. See “MUNICIPAL BOND RATING AND INSURANCE RATING”.

Status of Development..	The District encompasses approximately 436.929 acres of which approximately 236.5 acres have been developed with water, sanitary sewer, and drainage facilities. Single family residential development within the District as of February 4, 2021 consists of 843 platted lots comprised of 839 occupied single-family homes, 3 homes in various stages of construction, 1 existing model or spec homes, and 0 vacant lots. There is also a 206-unit apartment complex located within the District. Commercial development within the District consists of an LA Fitness, a retail shopping center, a CVS Pharmacy, a Children's Learning Adventure, a JSC Federal Credit Union, Express Oil and a Valero gas station. (See "THE DISTRICT – Status of Development")
Developer	The principal developer of land within the District is Kenwood Investments, L.P., dba Tuscan Lakes Development, L.P., a Texas limited partnership, ("Tuscan Lakes Development"), the sole general partner of which is Tuscan Lakes GP, L.L.C., a Texas limited liability company ("Tuscan Lakes GP"). Tuscan Lakes Investors I, L.P., a Texas limited partnership, affiliated with Tuscan Lakes Development, the general partner of which is Tuscan Lakes GP, is a major landowner in the District in the area known as Tuscan Lakes. Centex Homes ("Centex"), a Nevada general partnership, acquired 105 acres within the District, which was developed as the single family age 55+ active adult community of The Village at Tuscan Lakes. Centex was acquired by Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte Homes"). Pulte Homes has developed 358 homes and has no immediate plans for further development at this time. See "THE DEVELOPER."
Homebuilder within the District	Lot development and homebuilding within the Village at Tuscan Lakes and Tuscan Lakes is generally complete. The homebuilder active within Tuscan Lakes is Westin. Westin has one home available priced at \$443,000. See "THE DISTRICT – Status of Development".
The Village at Tuscan Lakes	The Village at Tuscan Lakes is a gated community with single-family homes for age-qualified 55+ adults, offering a resort setting. This lifestyle community offers nine floor plans ranging from 1,500 to over 2,600 square feet. See "THE DISTRICT – Homebuilders."
Payment Record.....	The District has never defaulted in the payment of principal or interest on its previously issued bonds. See "SELECTED FINANCIAL INFORMATION – Total Outstanding Bonds."
Legal Opinion.....	Smith, Murdaugh, Little & Bonham, LLP, Houston, Texas, Bond Counsel.
Disclosure Counsel	Bracewell LLP, Houston, Texas.
Engineer.....	LJA Engineering, Inc., Houston, Texas.
Financial Advisor	RBC Capital Markets, LLC, Houston, Texas.

THE BONDS INVOLVE CERTAIN RISK FACTORS, AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

SELECTED FINANCIAL INFORMATION SUMMARY
(Unaudited as of December 31, 2020)

2020 Certified Assessed Valuation.....	\$264,775,672	(a)
Estimated Assessed Valuation at March 1, 2021	\$339,470,692	(b)
Direct Debt Outstanding (after issuance of the Bonds)	\$28,550,000*	
Estimated Overlapping Debt.....	<u>\$28,679,591</u>	
Direct Debt and Estimated Overlapping Debt	<u>\$57,229,591*</u>	
Direct Debt Ratios:		
as a percentage of 2020 Certified Assessed Valuation (\$264,775,672).....	10.78%	
as a percentage of Estimated Assessed Valuation at March 1, 2021 (\$339,470,692).....	8.41%	
Direct and Estimated Overlapping Debt Ratios:		
as a percentage of 2020 Certified Assessed Valuation (\$264,775,672).....	21.61%	
as a percentage of Estimated Assessed Valuation at March 1, 2021 (\$339,470,692).....	16.86%	
Debt Service Fund Balance (as of August 31, 2021).....	\$3,512,738	(c)
Capital Projects Fund Balance (as of August 31, 2021)	\$1,168,759	
General Fund Balance (as of August 31, 2021).....	\$ 272,424	
2020 Tax Rate		
Maintenance & Operations.....	\$0.055	
Debt Service	<u>0.725</u>	
	\$0.780	
Projected Average Annual Debt Service Requirements (2021 – 2039)		
of the Bonds (“Average Annual Requirement”)*	\$2,101,695	
Tax rate required to pay Projected Average Annual Requirement based upon		
2020 Certified Assessed Valuation at 95% collections*	\$0.84	
Tax rate required to pay Projected Average Annual Requirement based upon		
Estimated Assessed Valuation at March 1, 2021 at 95% collections*	\$0.66	
Projected Maximum Annual Debt Service Requirements (2039)		
of the Bonds (“Maximum Annual Requirement”)*	\$2,211,913	
Tax rate required to pay Projected Maximum Annual Requirement based upon		
2020 Certified Assessed Valuation at 95% collections*	\$0.88	
Tax rate required to pay Projected Maximum Annual Requirement based upon		
Estimated Assessed Valuation at March 1, 2021 at 95% collections*	\$0.69	
Estimated District Population	2,310	(d)

(a) As certified by the Galveston Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”

(b) Provided by the Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 1, 2021. This estimate is prior to any protests and the ultimate assessed valuation of any improvements added to the District’s tax roll may vary from such estimate. The construction of taxable improvements from January 1, 2020 through December 31, 2020 will be placed on the District’s 2021 tax roll. The construction of taxable improvements from January 1, 2021 through December 31, 2021 will appear on the District’s 2022 tax roll.

(c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s debt service fund.

(d) Based upon 2.5 residents per occupied single family home and 2.0 residents per multi-family unit, which at February 4, 2021 totaled 2,098 and 212, respectively.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

relating to

\$4,650,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

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

Unlimited Tax Bonds

Series 2021

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Galveston County Municipal Utility District No. 44 (the “District”) of its Unlimited Tax Bonds, Series 2021 (the “Bonds”). The District is a political subdivision of the State of Texas.

The Bonds are issued pursuant to the Constitution and laws of the State of Texas, particularly Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to an order adopted by the Board of Directors of the District and a pricing certificate to be executed by authorized officials of the District on the date of the sale of the Bonds (the order and the pricing certificate are collectively referred to herein as the “Bond Order”).

The Official Statement includes descriptions of the Bonds, the Bond Order, and certain information about the District and its financial condition and about the developer of land in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Galveston County, the City of League City or any other entity. The Bonds, equally and ratably with future bonds, are payable from a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. See “THE BONDS – Source of Payment.” The investment quality of the Bonds depends on the ability of the District to collect from the property owners all taxes levied against their property or, in the event of foreclosure, the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. See “Registered Owners’ Remedies” and “Tax Collections” below.

Factors Affecting Taxable Values and Tax Payments

Infectious Disease Outbreak (COVID-19): Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities. 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, either expressly or by implication, into this Official Statement.

The COVID-19 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. In addition, the federal government has taken, and continues to consider additional action without precedent in effort to counteract or mitigate the Pandemic’s economic impact. These conditions and related responses and reactions may reduce or negatively affect property values within the District, although the District is not predicting a material adverse impact on its property values (see “AD VALOREM PROPERTY TAXATION”). 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 operations and maintenance expenses payable from ad valorem taxes.

Potential Effects of Oil Price Fluctuations on the Houston Area: The recent volatility in oil prices in the U.S. and globally, which at times have led to the lowest 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 Greater Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their collateral impact to other industries could result in declines in the demand for residential and commercial property in the Greater Houston area and could reduce or negatively affect property values or homebuilding activity within the boundaries of the District. The Bonds are secured by the proceeds of an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to make such payments as well as the District's operations and maintenance expenses payable from ad valorem taxes.

Extreme Weather Events; Hurricane Harvey: 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 approximately four 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 25, 2017, and brought historic levels of rainfall during the successive four days. According to the City of League City, the District experienced no interruption of water and sewer service as a result of Hurricane Harvey. According to the Engineer (hereinafter defined), the District's system did not sustain any material damage from Hurricane Harvey. To the knowledge of the District, no homes within the District experienced structural flooding or other damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

Ponding (or Pluvial) Flood

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

Riverine (or Fluvial) Flood

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

Coastal (or Storm Surge) Flood:

Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure.

Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Economic Factors and Interest Rates: The rate of development of the District is primarily 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, energy availability, gasoline prices and consumer demand. Decreased levels of home construction activity tend to restrict the growth of property values in the District.

Interest rates have a direct impact on the level of housing construction activity. Long-term rates affect a home purchaser's ability to qualify for and to afford the total financing costs of a new home. High long-term interest rates may negatively affect home sales and the rate of growth of taxable property values in the District. Further, the short-term interest rates at which developers and builders are able to obtain financing for development and building costs may affect the developers' or builders' ability or willingness to complete development or building plans.

Nature of a Portion of the District Development and Over 65/Disabled Exemption: A portion of the District (105 acres) has been developed as the Villages at Tuscan Lakes, an active adult/retirement community with home ownership restricted to purchasers age 55 or older. Pursuant to Texas law, the District may by its own action, exempt \$3,000 or more of the residential homestead value of persons sixty-five (65) years or older or disabled. For tax year 2021, the District granted an exemption of \$17,000 for persons 65 years of age or older and certain disabled persons. Such exemption is to be considered annually, and once authorized may be repealed, decreased or increased by the Board or by a process of petition and referendum. The District may be required to offer such exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election.

The District is authorized by statute to disregard such exemption if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Any tax exemption reduces the taxable value and a reduction in taxable value would likely result in an increase in the tax rate of the District. Granting such an exemption could affect the District's ability to issue bonds in the future.

Additionally, pursuant to Texas law, the owner of the residential homestead property who is a person sixty-five (65) years of age or older or disabled is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of the taxes on a residential homestead in installments or to defer the payments of the taxes without penalty during the time of ownership if the resident files an affidavit with the Galveston County Appraisal District. Such deferral prohibits the filing of a lawsuit to collect delinquent taxes until such time as the taxpayer no longer owns and occupies the property as a residence homestead. Taxes and interest continue to accrue against the property and the lien securing such taxes and interest remains in existence during the deferral or abatement period. Because one hundred and five (105) acres of the District has been developed as an active adult/retirement community and, as such, a substantial proportion of the property owners within the District are likely over 65 years of age or older, it is possible the deferrals and payment installments could significantly delay the collection of property taxes pledged for the payment of principal and interest on the Bonds. A significant amount of deferments and split payments could require a tax rate increase to compensate for the loss of timely tax revenue needed for the payment of debt service annually, which could decrease the values of residence in the District and affect the District's ability to issue bonds in the future. See "TAXING PROCEDURES – Property Subject to Taxation" and "Levy and Collection of Taxes."

Competitive Nature of Residential Housing Market: The housing industry in the Houston metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer (hereinafter defined) or other major property owner will be implemented or completed. The competitive position of the Developer or other major property owner in the sale of improved lots to builders or in the construction of single-family residential units by the builders is affected by most of the factors discussed in this "RISK FACTORS" section, and such competitive position is directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Maximum Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 Certified Assessed Valuation of the District is \$264,775,672 and the Estimated Assessed Valuation at March 1, 2021, is \$339,470,692 (see "SELECTED FINANCIAL INFORMATION"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$2,211,913 (2039), and the Projected Average Annual Debt Service Requirement, on a calendar year basis, will be \$2,101,695 (2021 through 2039, inclusive). Assuming no increase or decrease from the 2020 Certified Assessed Valuation and no use of funds on hand, a debt service tax rate of \$0.88 per \$100 assessed valuation at a 95% collection

rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement and a debt service tax rate of \$0.84 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement. Assuming no increase or decrease from the Estimated Assessed Valuation at March 1, 2021 and no use of funds on hand, a debt service tax rate of \$0.69 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement and a debt service tax rate of \$0.66 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement. See “PROJECTED DEBT SERVICE SCHEDULE” and “SELECTED FINANCIAL INFORMATION – Tax Adequacy for Debt Service.” No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of March 1, 2021 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAXING PROCEDURES.” While the District anticipates future development and increases in taxable values, it makes no representations that such development will actually occur or that over the term of the Bonds, the property within the District will maintain a value sufficient to justify continued payment of taxes by property owners. Property within the District also is subject to taxes levied by other political subdivisions. See “SELECTED FINANCIAL INFORMATION – Estimated Overlapping Debt Statement.”

Developers’ Obligations to the District: There is no commitment by or legal requirement of the Developer, or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See “THE DISTRICT – Status of Development” and “THE DEVELOPER.”

Tax Collections

The District’s ability to make debt service payments on the Bonds 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 procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer’s right to redeem the property within two years of foreclosure. 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. Because ownership of the land within the District will become highly fragmented among a large number of taxpayers, 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, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer.

Registered Owners’ Remedies

Pursuant to Texas law, the Bond Order provides that if the District defaults in the payment of the principal of or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions or obligations set forth in the Bond Order, then the registered owners of the Bonds (the “Registered Owner(s)”) shall be entitled to seek a writ of mandamus from a court of proper jurisdiction to compel the District to perform its obligations or levy adequate taxes to make principal or interest payments on the Bonds. Such remedy would have to be exercised upon each separate default and may prove costly, time-consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, to protect the interests of the bondholders, and all legal actions to enforce such remedies would have to be taken at the initiative of, and be financed by, the Registered Owners. The Bond Order does not provide for acceleration of maturity of the Bonds upon any default; consequently, the remedy of mandamus may have to be relied upon from year to year. Texas courts have held that districts such as the District are immune from suits for money damages under the doctrine of sovereign immunity. Further, if a judgment in such a suit could be obtained, such a judgment could not be enforced by a direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The rights and remedies of the Registered Owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditor’s rights generally. In this regard, should the District file a petition for protection from creditors

under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Bankruptcy Limitation to Registered Owners' Rights

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

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

Marketability

Other than as described in the Official Notice of Sale for the Bonds, the District has no understanding with the Initial Purchaser of the Bonds 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 difference between the bid and asked price of other bonds issued by more traditional issuers as such bonds are more generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (“TCEQ”) may curtail new industrial, commercial and residential development in the County. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight county Houston Galveston-Brazoria Area (the “HGB Area”) has been designated by the EPA as a non-attainment 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 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.

In February 2020, the EPA stated that the HGB Area no longer had a nonattainment designation under the 1997 Ozone Standards, and that it was terminating any remaining “anti-backsliding” requirements associated with the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that the HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2016, 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). 81 Fed. Reg. 78691 (Nov. 8, 2016).

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). The court vacated the EPA redesignation substitute rule that provided the basis for EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. 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. In December 2018, the TCEQ submitted a revision to the state implementation plan (“SIP”) formally requesting redesignation under the 1997 Ozone Standards. EPA responded in February 2020 by adopting a final rule stating that the HGB Area has no designation under the revoked 1997 Ozone Standards and terminating all “anti-backsliding” obligations that remained applicable to the HGB Area based on the area’s continued attainment of the revoked 1997 Ozone Standards. 85 Fed. Reg. 8411 (Feb. 14, 2020). The HGB Area is no longer subject to control requirements associated with the 1997 Ozone Standards.

The HGB Area is currently designated a “serious” ozone nonattainment area under the 2008 Ozone Standard. The HGB Area was previously designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018; however, the EPA determined that the HGB Area failed to meet the attainment deadline. Effective September 23, 2019, the HGB Area was reclassified as a “serious” ozone nonattainment area, with an attainment deadline of July 20, 2021. In March 2020, the TCEQ adopted a revision to the Texas SIP that was required based on that reclassification. That SIP revision, which included an updated attainment demonstration for the 2008 Ozone Standard, was submitted to EPA in May 2020.

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

Under the CAA, the State is subject to ongoing obligations to make progress toward and eventually to reach compliance with the federal ozone standards in the HGB Area, based on monitored air quality. The TCEQ’s SIP for the HGB Area demonstrates progress toward attainment, including emission control requirements for ozone-causing pollutants emitted by the industrial sector. Failure to attain an ozone standard could subject industrial sources in the HGB Area to more stringent controls on emissions. 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 SIP also establishes requirements that 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 attain 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.

Other constraints on economic growth and development include lawsuits filed under the CAA by plaintiffs seeking to require emission reduction measures that are even more stringent than those adopted by TCEQ and approved by EPA. From time to time, various plaintiff environmental organizations have filed lawsuits against TCEQ and EPA seeking to compel the adoption of additional emission reduction measures, many of which could make it more difficult for businesses to construct or expand industrial facilities or which could result in travel restrictions or other limitations on the actions of businesses, governmental entities and private citizens. Any successful court challenge to the currently effective SIP could result in the imposition of even more stringent air emission controls that could threaten continued growth and development in the HGB Area.

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. In order to maintain MS4 Permit compliance, the District is partnering with the City of League City (the "City"), to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

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

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

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

Due to existing and possible future litigation, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Changes in Tax Legislation

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

Pending State Legislation

The 87th Texas Legislature concluded on May 31, 2021. The Legislature meets in regular session in odd-numbered years, for 140 days. When the Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor called a special session that began on August 7, 2021. The Governor is expected to call additional special sessions to address redistricting and any other issues he chooses to add to the special session. While in session, the Texas Legislature may consider bills which could have a direct impact on the District and its operations. The District makes no representations or predictions concerning the substance or effect of any legislation that may be proposed and ultimately passed in or any special session, or how any such legislation would affect the financial condition of the District or its operations.

Bond Insurance Risk Factors

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, 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.

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

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

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

Neither the District nor the Initial Purchasers have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

SOURCES AND USES OF FUNDS

Proceeds from the sale of the Bonds will be used to finance water, sanitary sewer, and drainage facilities for the following development within the District: 1) Tuscan Lakes Section 55-2 and 60-2; 2) Tuscan Lakes Section 55-3 and 60-3; 3) Tuscan Lakes Sections 50-6; and 4) Villages at Tuscan Lakes Entry Road. In addition, a portion of the proceeds from the issuance of the Bonds will be used for capital recovery fees.

CONSTRUCTION COSTS		District's Share
A.	Developer Contribution Items	
	1. WSD Tuscan Lakes Sec. 55-2 and 60-2	\$907,326
	2. WSD Tuscan Lakes Sec. 55-3 and 60-3	1,372,261
	3. WSD Tuscan Lakes Sec. 50-6	77,130
	4. WSD Villages at Tuscan Lakes Entry Road	511,610
	5. Engineering	367,333
	6. Geotechnical	46,956
	7. Surveying	11,812
	8. Stormwater	74,318
	9. Miscellaneous	12,214
	Total Developer Contribution Items	\$3,380,960
	City of League City Capital Recovery	\$1,177,506
	NET CONSTRUCTION COSTS (80.7% of BIR)	\$4,558,466
NONCONSTRUCTION COSTS		
A.	Legal Fees	\$131,250
B.	Financial Advisor Fees	93,000
C.	Interest	
	1. Developer Interest (3.5%)	409,234
	2. Capitalized Interest (1 yr at 3.5%)	162,750
D.	Bond Discount (3% of BIR)	139,500
E.	Bond Issuance Expenses	99,525
F.	Bond Application	40,000
G.	Attorney General Fee (0.10% of BIR)	4,650
H.	TCEQ Bond Issue Fee (0.25% of BIR)	11,625
	TOTAL NON-CONSTRUCTION COSTS (19.3% of BIR)	\$1,091,534
	LESS SURPLUS FUNDS	-1,000,000
	TOTAL BOND ISSUE REQUIREMENT	\$4,650,000

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated November 10, 2021, and will mature on the dates and in the amounts shown under “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS” on the cover page hereof. Interest on the Bonds is payable on each March 1 and September 1 (“Interest Payment Date”), beginning March 1, 2022. The Bonds will be issued in fully registered form only, in principal denominations of \$5,000 or any integral multiple of \$5,000.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid through Zions Bancorporation, National Association, Houston, Texas, the initial Paying Agent/Registrar. Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new registrar shall act in the same capacity as the previous paying agent/registrar. Any new paying agent/registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States or of any State, and authorized under such laws to perform the duties of paying agent and registrar for the Bonds.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of the Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect

Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the Record Date (hereinafter defined). 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).

Redemption proceeds, principal, and interest 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 nor its nominee, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, the Bonds are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. Discontinuation of the Book-Entry-Only-System by the District may require Participant approval under DTC operational arrangements.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Initial Purchaser believe to be reliable, but the District, the Financial Advisor and the Initial Purchaser take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Bonds, the District will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to the District, or the persons for which they act as nominees.

Effect of Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under "THE BONDS – Transfer, Exchange and Registration" below. Discontinuance by the District of the DTC System of book-entry-only transfers may require the consent of DTC Participants under DTC Operational Arrangements.

Use of Certain Terms in Other Sections of this Official Statement

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

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or the Initial Purchaser.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Galveston County, the City of League City, Texas, or any entity other than the District.

Authority for Issuance

The Bonds are issued pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended, and the Bond Order. The projects to be financed with the proceeds of the Bonds, and the issuance of the Bonds for such purpose, was approved by order of the TCEQ. Before the Bonds can be issued the Attorney General of Texas must pass upon the legality of the Bonds. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

At a bond election held within the District on November 2, 2004, the voters authorized issuance of (i) \$67,200,000 principal amount of unlimited tax bonds for the water, sewer, and drainage facilities, (ii) \$4,000,000 principal amount of unlimited tax bonds for parks and recreational facilities, and (iii) \$33,600,000 principal amount of unlimited tax bonds for refunding purposes. Including refunding issues, the Bonds constitute the tenth issuance of bonds. After sale of the Bonds, a total of \$35,855,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities will remain authorized but unissued. See "Issuance of Additional Debt" below.

Funds

In the Bond Order, the District confirms the debt service fund. The proceeds from all taxes levied, assessed and collected for and on account of the Bonds shall be deposited, as collected, in the District's debt service fund and used only for the purpose of paying principal of and interest on the Bonds.

No Arbitrage

The District will certify as of the date of delivery of the Bonds that, based upon all facts and estimates then 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. Moreover, the District will covenant that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including without limitation, calculating the yield on the Bonds as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2028 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on September 1, 2027 or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

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

Transfer, Exchange and Registration

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Paying Agent/Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

In the event the Book-Entry-Only System is discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond.

Replacement of Bonds

In the event the Book-Entry-Only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. The District or the Paying Agent/Registrar may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See “THE DISTRICT – Authority for Issuance.” After the issuance of the Bonds, the District will have (i) \$35,855,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities authorized but unissued, (ii) \$4,000,000 principal amount of unlimited tax park bonds for the park and recreational facilities and (iii) \$32,865,000 principal amount of unlimited tax refunding bonds authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District. See “RISK FACTORS.”

In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such contracts, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds without additional voter approval.

According to the District’s Engineer, following the issuance of the Bonds, the District will owe the Developer approximately [\$ _____] at the present time for funds heretofore advanced on behalf of the District. The District has entered into agreements with the Developer to reimburse such amounts from the proceeds of future bond issues, subject to TCEQ approval of each such bond issue.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purposes by the qualified voters in the District; (b) approval of the master plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. Fire protection to the District is provided by the City of League City.

Consolidation and Dissolution

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

The City of League City has the right to abolish and dissolve the District and to acquire the District’s assets and assume the District’s obligations in accordance with state law, subject, however to the terms of the Utility Service Agreement between the District and the City of League City. See “UTILITY SERVICE AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF LEAGUE CITY.” If any of the Bonds are outstanding at the time of dissolution, the payment of such Bonds becomes the obligation of the City.

Remedies in Event of Default

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of

general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Bond Procedures Act, Chapter 1201, Texas Government Code, as amended, and Section 49.186 Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than “A” or its equivalent to be legal investments for such entity’s funds. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

Defeasance

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

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

THE DISTRICT

General

The District was created by order of the TCEQ, dated August 10, 2004, and by a confirmation election held within the District on November 2, 2004, and operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts.

At the time of the confirmation election, the District encompassed 435.429 acres. On February 20, 2007, 1.50 acres were annexed to the District, increasing the total acreage to 436.929 acres.

Location

The District is a political subdivision of the State of Texas, located wholly within the City of League City's corporate limits, approximately 30 miles southeast of downtown Houston. The District is generally bounded on the east by Tuscan Lakes Boulevard, on the south by FM 646 and on the west by Dickinson Avenue. The District lies entirely within the boundaries of the Dickinson Independent School District.

Authority

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 also provide solid waste collection and disposal service and is empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. The District has no plans to provide a fire department. The District is also empowered to establish parks and recreational facilities for the residents of the District.

Status of Development

The following chart more completely describes the status of single family residential development within the District as of April 6, 2021:

	Number of Lots	Acreage	Completed Homes	Under Construction	Vacant Lots
Village at Tuscan Lakes					
Section 1	93	19.1	93	0	0
Section 2-2	14	2.3	14	0	0
Section 2-3	53	10.3	53	0	0
Section 3-1	19	6.6	19	0	0
Section 3 Phase 2	86	22.3	86	0	0
Section 4-1	42	8.3	42	0	0
Section 4-2	<u>51</u>	<u>11.2</u>	<u>51</u>	<u>0</u>	<u>0</u>
	358	80.1	358	0	0
Tuscan Lakes					
Section 50-1 SE	84	20.7	84	0	0
Section 50-3-1	31	6.4	31	0	0
Section 50-3-2	19	5.8	19	0	0
Section 50-4-1	24	4.7	24	0	0
Section 50-4-2	24	4.8	24	0	0
Section 55-1 & 60-1 SE	61	27.4	61	0	0
Section 50-5 SE	35	11.7	35	0	0
Section 55-2 & 60-2	62	19.6	62	0	0
Section 55-3 & 60-3	92	35.8	91	1	0
Section 55-4 SE	4	1.35	2	2	0
Section 55-5 SE	4	2.97	4	0	0
Section 50-6	<u>45</u>	<u>15.2</u>	<u>45</u>	<u>0</u>	<u>0</u>
	485	156.4	482	3	0
Total	<u>843</u>	<u>236.5</u>	<u>840</u>	<u>3</u>	<u>0</u>

Approximately 14.2 acres are currently developed for multi-family use. A 206-unit apartment complex, Grand Villas at Tuscan Lakes, is also located in the district.

Approximately 21 acres are currently developed for commercial use. An 83,700 square foot retail shopping center anchored by LA Fitness is open in the District. Additional commercial development within the District consists of two retail shopping centers, a CVS Pharmacy, a Children's Learning Adventure, a JSC Federal Credit Union, a Valero gas station, and an Express Oil. Additional development within the District includes the City of League City Hometown Heroes Park.

Homebuilders

Lot development and home building within the Village at Tuscan Lakes and Tuscan Lakes is generally complete. See "THE DISTRICT – Status of Development."

Tuscan Lakes: The homebuilder active within Tuscan Lakes is Westin, and as of the date of this Official Statement, it has one home available priced at \$443,000. There are 0 vacant lots remaining.

The Village at Tuscan Lakes: The Village at Tuscan Lakes is a gated community with single-family homes for age-qualified 55+ adults, offering a resort setting. This lifestyle community offers nine floor plans ranging from 1,500 to over 2,600 square feet. There are no further homes available in The Village at Tuscan Lakes.

Future Development

There remains approximately 27.6 acres of developable land for commercial purposes in the District. Approximately 171.5 acres in the District are undevelopable. The District can make no representation that any future development will occur within the District. In the event that future development does occur in the District, it is anticipated that reimbursement of the development costs will be financed through the sale of future bond issues.

Community Facilities

Churches: Churches of most major denominations are located in League City. The Watershed Methodist Church owns 11 acres in the District.

Employment Centers: Local employment centers near the District are located in League City, Dickinson, and Galveston and in Houston adjacent to Clear Lake. Significant employment centers located in the area include National Aeronautics and Space Administration (“NASA”) located on the northwest shore of Clear Lake approximately 5 miles from the District; Bayport Industrial Complex located some 12 miles northeast of the District, home to over 40 industrial companies; industrial and chemical plants in the Texas City area located approximately 10 miles south of the District; Ellington Airport, a public and military use airport located approximately 10 miles northwest of the District; chemical, petrochemical, and other large industries located in Pasadena, Deer Park, and Baytown, from 5 to 15 miles from the District.

Fire and Police Protection: League City provides ambulance service, fire and police protection.

Medical Facilities: Columbia Clear Lake Regional Medical Center, a privately-owned hospital offering 24-hour emergency service, is located some six miles northwest of the District and Methodist Clear Lake Hospital is located on NASA Road 1 approximately 5 miles north of the District. In addition, Mainland Center Hospital is located in Texas City approximately 10 miles south of the District.

Recreational Facilities: Recreation facilities in the District are available to residents in the District. These facilities include a recreation complex, including a swimming pool with a children’s splash play area and an elaborate playground area. The City of League City owned "Hometown Heroes Park" is located at the southwest corner of the District. This park was developed with Type B Sales Tax funds contributed by the City of League City’s Type B economic developed corporations and includes 2 indoor gymnasiums, and meeting and exercise rooms. The park grounds provide for walking, jogging, and passive recreation, and includes 2 lighted soccer fields and abundant parking on land provided by Tuscan Lakes Development, L.P. Additionally, there are numerous outdoor recreational areas located in close proximity to the District, including the Chester L. Davis Sportsplex and League City’s Big League Dreams Sports Complex which offer numerous ball fields along with other sporting venues, Clear Lake and Galveston Bay which offer a variety of water sports and marinas, and Armand Bayou which offers nature hikes and birding opportunities. There are approximately 15 public or private golf courses located within a short drive of the District.

The Village at Tuscan Lakes is a gated community with single-family homes for age-qualified 55+ adults, offering a resort setting. A 9,000 square foot recreation center is available to The Village at Tuscan Lakes residents with a number of amenities for an active lifestyle.

Schools: The District is located in Dickinson Independent School District which provides bus service to students living over two miles from their school campus. Students in the District attend the following Dickinson Independent School District Schools:

Approximate Distance from District to Schools

Silbernagel Elementary.....	1 Mile
Dunbar Middle.....	1 Mile
Dickinson High.....	3 Miles

Shopping Facilities: Neighborhood shopping facilities, including such retail establishments as supermarkets, pharmacies, restaurants and retail outlets, are available in League City outside the boundaries of the District. The nearest regional shopping center, Baybrook Mall, is located on IH 45 approximately seven miles northwest of the District. The mall recently expanded from 150 to 186 stores, including 4 anchor tenant department stores. HEB and Kroger grocers are located within 1 mile of the District at the intersection of South Shore Blvd. and League City Parkway. Other retail includes a Target Super Store, a Home Depot, a Lowes and a Walmart.

THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone and electric distribution) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Tuscan Lakes Development, L.P.

The principal developer of land within the District is Kenwood Investments, L.P., dba Tuscan Lakes Development, L.P., a Texas limited partnership, as successor by merger with Tuscan Lakes Development II, L.P. ("Tuscan Lakes Development" or the "Developer"). The sole general partner of Tuscan Lakes Development is Tuscan Lakes GP, L.L.C., a Texas limited liability company ("Tuscan Lakes GP"). A major landowner in the District is Tuscan Lakes Investors I, L.P. ("Tuscan Lakes Investors"), a Texas limited partnership, as successor by merger with Tuscan Lakes Investors II, L.P. The general partner of Tuscan Lakes Investors is Tuscan Lakes GP. Tuscan Lakes Investors is affiliated with Tuscan Lakes Development.

In July, 2003, Tuscan Lakes Development acquired approximately 439 acres, including all of the land within the District. Of such acreage acquired, approximately 330 acres was to be developed as single family residential subdivisions. In May 2004, 108.38 acres were contributed to Tuscan Lakes Investors II, L.P., which is now known as Tuscan Lakes Investors, to be held for investment and sold to third parties for development as commercial, offices and townhomes. The land held by Tuscan Lakes Development and Tuscan Lakes Investors is located in the approximately 870-acre community known as Tuscan Lakes, which is located in the District and a second municipal utility district, Galveston County Municipal Utility District No. 43.

In addition to the land developed by Tuscan Lakes Development, Tuscan Lakes Investors currently owns approximately 36.5 acres in the District all of which has water and sewer facilities service available and is being marketed for retail development.

Tuscan Lakes Development has financed lot development in the District with various loans over the years. All loans have been paid off. Lot development and home building within the Village at Tuscan Lakes and Tuscan Lakes is generally complete.

The development of the Tuscan Lakes project is being managed by an affiliate of The Johnson Development Corp. Larry D. Johnson, President of The Johnson Development Corp., has over 41 years of experience in real estate development. Mr. Johnson's real estate activities have included over 100 projects resulting in the development of nearly 40,000 acres of multiple-use commercial parks, office buildings, retail centers, residential subdivisions, master planned golf course communities and multi-family housing. In the Houston metropolitan area, Mr. Johnson's developments include Atascocita, Steeplechase, Cross Creek Ranch, Harvest Green, Grand Central, Sienna Plantation, Silverlake, Fall Creek, Riverstone, Tuscan Lakes, Woodforest and Imperial.

Pulte Homes

Pulte Homes of Texas, L.P., a Texas united partnership ("Pulte Homes"), is also a developer of land within the District. Pulte Homes has developed 358 homes in the District and has no immediate plans for further development at this time. Centex Homes, a Nevada general partnership, was acquired by Pulte Homes.

UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF LEAGUE CITY

All land in the District is located within the city limits of the City of League City ("the City"). Shortly after the District was created, the District approved and ratified a utility agreement with League City dated April 8, 2003 (the "Utility Agreement"). The Utility Agreement obligates the District to acquire, construct, and extend water, sanitary sewer and drainage facilities (the "System") to serve land in the District and, when completed in accordance with approved plans and specifications, the District is required to convey title to such utility facilities to the City. The City then operates and maintains such facilities, and is responsible for establishing water and sewer rates and collection charges for water and sewer service from District residents. The City also levies and collects ad valorem taxes on taxable property within the District just as it does with any other property located in League City. As specified in the Utility Agreement, the District is a "City Service" district and no rebate of City taxes is required or provided. Terms in this section not otherwise defined herein have the meaning described thereto in the Utility Agreement.

The Utility Agreement's significant provisions relating to issuance of District Bonds (which may be waived by the City) include the following:

- (A) Limitation on the District's Bond Indebtedness.
The District cannot sell bonds if the ratio of the District's indebtedness to its assessed valuation exceeds 25% during the first 24 months after the Bond Date and 15% thereafter.
- (B) Water, Sewer and Drainage Bonds are required to be issued in series with the minimum limit on each series being \$2,500,000.
- (C) The final maturity of all Bonds issued shall not exceed thirty (30) years from the date of the initial series of Bonds.
- (D) The District shall, as specified herein, obtain the City's approval prior to advertising the sale of its Bonds. Whenever possible, the District's sale of bonds shall be scheduled so as not to conflict with a City sale of Bonds.
- (E) For any Bond issue, the combined projected debt service tax rate, as defined in 30 TAC 293.59 referenced above, shall not exceed \$1.50.
- (F) For each Bond sale, the District shall demonstrate that, at final buildout, the District's net direct debt as a percentage of current and estimated certified assessed value will not exceed ten and one-half percent (10 ½%).
- (G) The District is required to obtain the City's approval prior to the advertisement and sale of Bonds. Whenever the District requests such approval, the District will provide the City with a copy of the Engineering Report and will certify to the City that the District has complied with the above listed requirements.

The Utility Agreement provides that the District retains a security interest in the System to secure the City's performance under the Utility Agreement until all of the District's bonds have been discharged. The District will then execute a release of such security interest, and the City will then own the System free and clear.

The District has agreed to extend the System to serve future users as necessary so that ultimately all land owners in the District will be in a position to receive services from the System; however, the District's obligation to extend the System is conditioned upon the Developer's continuing with its development program, the City performing under the provisions of the Utility Agreement, the satisfaction of certain determinations of economic feasibility, governmental agency approvals and the ability of the District to sell bonds.

THE SYSTEM

Regulation

According to the District's Engineer, LJA Engineering, Inc. ("Engineer"), the System has 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 and the Galveston County Drainage District. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies, and the construction has been inspected by the TCEQ.

Operation of the District's waterworks and sewage treatment facilities is provided by the City of League City, and is subject to regulation by, among others, the United States 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.

Source of Water Supply:

Water supply for the City of League City is obtained from three sources: 1) existing groundwater wells; 2) surface water as a participant through the Gulf Coast Water Authority in the City of Houston's Southeast Water Purification Plant; and 3) surface water from the Gulf Coast Water Authority from the Thomas Mackey Water Purification Plant. Water from these three sources is delivered to the City's nine water plants and from there distributed to retail customers such as the residents of the District.

Source of Wastewater Treatment:

The District has constructed a lift station, force main and gravity trunk sewer to connect to the City's regional sewer system, which flows to the City's Dallas Salmon Wastewater Plant, its primary wastewater plant. This plant has sufficient capacity to serve the District through build out.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, none of the developable acreage within the District is located within the 100-year flood plain. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location. See "RISK FACTORS – Factors Affecting Taxable Values and Tax Payments."

Atlas 14

The National Weather Service has completed a rainfall study known as NOAA Atlas 14. Volume 11, Version 2.0: Texas Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries with the Service Area may be redrawn based on the Atlas 14 study based on revised statistical rainfall amounts, which may result in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the Service Area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

DISTRICT BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Authorized	Issued To Date ^(a)	Amount Unissued
02-Nov-04	Water, Sewer & Drainage	\$67,200,000	\$31,345,000	\$35,855,000
02-Nov-04	Parks & Recreation	4,000,000	0	4,000,000
02-Nov-04	Refunding	33,600,000	735,000	32,865,000

(a) Includes the Bonds; preliminary, subject to change.

SELECTED FINANCIAL INFORMATION (Unaudited as of December 31, 2020)

2020 Certified Assessed Valuation	\$264,775,672	(a)
Estimated Assessed Valuation at March 1, 2021	\$339,470,692	(b)
Direct Debt (including the Bonds).....	\$28,550,000	
Ratio of Direct Debt to 2020 Certified Assessed Valuation	10.78%	
Ratio of Direct Debt to Estimated Assessed Valuation at March 1, 2021	8.41%	

Area of District: approx. 437 acres
Estimated Population: 2,310 ^(c)

- (a) As certified by the Galveston Central Appraisal District ("Appraisal District") See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 1, 2021. This estimate is prior to any protests and the ultimate assessed valuation of any improvements added to the District's tax roll may vary from such estimate. The construction of taxable improvements from January 1, 2020 through December 31, 2020 will be placed on the District's 2021 tax roll. The construction of taxable improvements from January 1, 2021 through December 31, 2021 will appear on the District's 2022 tax roll.
- (c) Based on 2.5 residents per occupied single family home and 2.0 residents per multi-family unit, which at February 4, 2021 totaled 2,098 and 212 residents, respectively.

Total Outstanding Bonds

Date	Series	Original Principal Amount	Remaining Outstanding Bonds
07/01/2014	2014	\$3,500,000	\$2,885,000
12/01/2016	2016	3,725,000	3,505,000
04/01/2017	2017	3,675,000	3,265,000
05/01/2018	2018	3,650,000	3,330,000
03/01/2019	2019	5,600,000	5,140,000
03/01/2020	2020	3,250,000	3,140,000
06/08/2021	2021	2,670,000	2,635,000
10/07/2021	2021 ^(a)	4,650,000	4,650,000
Total	Total	\$30,720,000	\$28,550,000

(a) The Bonds; preliminary, subject to change.

Cash and Investment Balances (Unaudited at August 31, 2021)

Debt Service Fund Balance (as of August 31, 2021).....	\$3,512,738	(a)
Capital Projects Fund Balance (as of August 31, 2021)	\$1,168,759	
General Fund Balance (as of August 31, 2021)	\$ 272,424	

(a) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund.

Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed, unless otherwise indicated, from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person 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 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 Body ^(a)	Outstanding Gross Debt	As of	%Overlpg. Gross Debt	Overlpg. Gross Debt
College of the Mainland	\$165,985,000	08/31/2021	1.74%	\$2,888,139
Dickinson ISD	373,055,000	08/31/2021	4.93%	18,391,612
Galveston Co.	210,083,482	08/31/2021	0.65%	1,365,543
League City, City of	261,225,000	08/31/2021	2.31%	6,034,298
Total Overlapping Debt:				<u>\$28,679,591</u>
The District ^(b)				\$28,550,000
Total Direct and Overlapping Debt: ^(b)				\$57,229,591
Total Direct and Overlapping Debt % of A.V.:				21.61%

(a) Taxing jurisdictions with outstanding general obligation debt.

(b) Includes the Bonds.

Overlapping Taxes for 2020

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

Set forth below is an estimation of the 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.

Overlapping Entity	2020 Tax Rate Per \$100 AV
College of the Mainland	\$0.242
Dickinson ISD	1.344
Galveston Co. (a)	0.476
League City, City of	0.515
The District	0.780
Total	<u>\$3.357</u>

(a) Includes Galveston County and Galveston County Road and Flood.

Classification of Assessed Valuation ^(a)

The following represents the composition of property comprising the District's 2016 – 2020 tax rolls:

	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation
Land	\$62,408,580	\$62,198,950	\$61,960,730	\$53,976,050	\$50,696,480
Improvements	222,340,738	193,395,997	172,847,288	149,453,347	114,376,796
Personal Property	4,494,580	4,710,630	3,384,524	3,314,492	2,537,915
	<u>\$289,243,898</u>	<u>\$260,305,577</u>	<u>\$238,192,542</u>	<u>\$206,743,889</u>	<u>\$167,611,191</u>
Exemptions	(24,468,226)	(20,663,063)	(18,391,513)	(15,568,696)	(11,660,212)
Total	<u>\$264,775,672</u>	<u>\$239,642,514</u>	<u>\$219,801,029</u>	<u>\$191,175,193</u>	<u>\$155,950,979</u>

(a) Provided by the Galveston Central Appraisal District.

Tax Collections ^(a)

The following statement of tax collections set forth in condensed form is the tax collection of the District. Such summary has been prepared for inclusion herein based upon information from the District's audited financial statements and the records of the Galveston County Tax Assessor/Collector. Reference is made to such records for further and more complete information.

Tax Year	Assessed Valuation ^(a)	Tax Rate	Collections as of Tax Year End			Collections Through February 28, 2021	
			Levy	Amount	%	Amount	%
2016	\$155,950,979	\$0.80	\$1,247,608	\$1,239,320	99.34%	\$1,247,262	99.97%
2017	191,175,193	0.80	1,529,402	1,524,349	99.67%	1,528,360	99.93%
2018	219,801,029	0.80	1,758,408	1,753,917	99.74%	1,757,266	99.94%
2019	239,642,514	0.80	1,917,140	1,740,052	90.76%	1,911,915	99.73%
2020	264,775,672	0.78	2,065,250	(b)	(b)	(b)	(b)

(a) As provided by the Galveston County Tax Assessor/Collector.

(b) In process of collection.

District Tax Rate

	2020	2019	2018	2017	2016
Debt Service Fund	\$0.725	\$0.730	\$0.720	\$0.670	\$0.640
Maintenance & Operation	0.055	0.070	0.080	0.130	0.160
Total	<u>\$0.780</u>	<u>\$0.800</u>	<u>\$0.800</u>	<u>\$0.800</u>	<u>\$0.800</u>

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance: \$1.25 per \$100 of Assessed Valuation.

Maintenance Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. An election was held within the District on November 2, 2004, which authorized the levy of a maintenance tax not to exceed \$1.25/\$100 assessed valuation.

Principal Taxpayers

The following list of top ten principal taxpayers was provided by the Galveston County Tax Assessor/Collector based on the 2020 certified tax rolls of the District, which reflect ownership as of January 1 of each year. Ownership changes since January 1, 2021 are not known to the District.

Taxpayer	Property Type	2021	2020
GVTL LLC	Apartments	\$25,132,000	\$19,900,000
Cole LA League City TX LLC	Spa/Gym	3,590,000	3,934,460
11752 LLC	Day Care Center	3,445,300	1,690,020
Big Diamond LLC	Gas Station	3,439,570	2,763,280
Tuscan Lake Market LLC	Strip Mall/Plaza	2,799,050	2,115,440
NWC SH 96/FM 270 Ltd.	Strip Mall/Plaza	2,556,720	2,298,150
Shops at Tuscan Lakes II LLC	Strip Mall/Plaza	2,309,600	2,114,650
Tuscan Lakes Investors I LP	Commercial Land	2,140,300	2,140,300
Victoria Libertatis Est LLC	Car Repairs	2,135,060	-
JSC Federal Credit Union	Financial/Banking	1,693,940	1,335,820
Pond Plaza Realty Trust	Pharmacy	-	1,675,000
Total		\$49,241,540	\$39,967,120
% of Assessed Valuation		16.48%	15.09%

- Denotes that the entity was not a principal taxpayer in that year.

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Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2020 Certified Assessed Valuation and utilize tax rates adequate to service the District's total proposed debt service requirements on the Bonds. See "RISK FACTORS – Factors Affecting Tax Values and Tax Payments – Maximum Impact of District Tax Rates."

Projected Average Annual Total Debt Service Requirements (2021 – 2039) ("Average Annual Requirement")*	\$2,101,695
\$0.84 Debt Service Tax Rate on 2020 Certified Assessed Valuation, of \$264,775,672 at 95% collections produces	\$2,112,910
\$0.66 Debt Service Tax Rate on Estimated Assessed Valuation at March 1, 2021 of \$339,470,692 at 95% collections produces	\$2,128,481
Projected Maximum Annual Total Debt Service Requirements (2039) ("Maximum Annual Requirement")*	\$2,211,913
\$0.88 Debt Service Tax Rate on 2020 Certified Assessed Valuation, of \$264,775,672 at 95% collections produces	\$2,213,525
\$0.69 Debt Service Tax Rate on Estimated Assessed Valuation at March 1, 2021 of \$339,470,692 at 95% collections produces	\$2,225,230

Debt Service Fund

Projected Debt Service Requirements for year ending 2021*	\$1,717,079 (a)
Debt Service Fund Balance at August 31, 2021	\$3,512,738 (b)
2020 Projected Debt Service Tax Levy @ 95% collections produces	\$1,823,642 (c)

* Preliminary, subject to change.

(a) Reflects the projected 2021 debt service requirements after the issuance of the Bonds. The first debt service payment date on the Bonds is September 1, 2021.

(b) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund.

(c) Based on 2020 Certified Assessed Value at the 2020 debt service tax rate of \$0.725/\$100 assessed valuation.

OPERATING STATEMENT

Operating Statement ^(a)

The following statement sets forth in condensed form the historical results of operation of the District. System revenues are not pledged to the Bonds, and the operating statement is provided for information purposes only. Such summary has been prepared by the Financial Advisor and bookkeeper for inclusion herein, based upon information obtained from the District's Bookkeeper's reports and audited financial statements.

	Fiscal Year Ended June 30				
	2020(a)	2019(a)	2018(a)	2017(a)	2016(a)
Revenues					
Property Taxes	\$ 166,042	\$ 176,761	\$ 248,118	\$ 248,036	\$ 158,914
Miscellaneous	4,055	5,780	2,758	664	95
Total	<u>\$ 170,097</u>	<u>\$ 182,541</u>	<u>\$ 250,876</u>	<u>\$ 248,700</u>	<u>\$ 159,009</u>
Expenditures					
Service Operations:					
Professional Fees	\$ 100,986	\$ 103,625	\$ 120,712	\$ 130,322	\$ 116,640
Contracted Services	17,576	13,916	17,035	18,562	15,259
Other Expenditures	20,097	12,490	68,428	19,974	17,465
Recreational Facilities	6,515	7,590	4,220	13,575	59,752
Capital Outlay	-	500	1,025	278,332	-
Debt Service Costs	-	-	40,005	8,342	28,482
Total	<u>\$ 145,174</u>	<u>\$ 138,121</u>	<u>\$ 251,425</u>	<u>\$ 469,107</u>	<u>\$ 237,598</u>
Excess Revenues					
(Expenditures)	<u>\$ 24,923</u>	<u>\$ 44,420</u>	<u>\$ (549)</u>	<u>\$ (220,407)</u>	<u>\$ (78,589)</u>
Interfund Transfers	-	-	\$ 37,905	\$ 36,824	-
Developer Advances	-	-	-	128,937	\$ 60,000
League City Contribution	-	-	-	275,967	-
Excess Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,905</u>	<u>\$ 441,728</u>	<u>\$ 60,000</u>
Net Change in Fund Balance	<u>\$ 24,923</u>	<u>\$ 44,420</u>	<u>\$ 37,356</u>	<u>\$ 221,321</u>	<u>\$ (18,589)</u>
Fund Balance, Beginning of Year	<u>\$ 300,418</u>	<u>\$ 255,998</u>	<u>\$ 218,642</u>	<u>\$ (2,679)</u>	<u>\$ 15,910</u>
Fund Balance, End of Year	<u><u>\$ 325,341</u></u>	<u><u>\$ 300,418</u></u>	<u><u>\$ 255,998</u></u>	<u><u>\$ 218,642</u></u>	<u><u>\$ (2,679)</u></u>

(a) Audited.

MANAGEMENT

Board of Directors

The current directors of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
W. E. White	President	05/2024
Jim Bollom	Vice President	05/2022
Terry Finkle	Secretary	05/2024
Glenn Carmack	Assistant Vice President	05/2024
David Foulkrod	Assistant Secretary	05/2022

The Directors own property and reside in the District. Directors have four-year terms staggered every two years. Elections are held only in even numbered years on the first Saturday in May.

Tax Assessor/Collector

The Galveston County Tax Assessor Collector is the tax assessor/collector for the District.

Operator of Water and Sewer Facilities

The City of League City, pursuant to the Utility Agreement between the District and the City, operates the District's water and sewer system. See "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF LEAGUE CITY."

Bookkeeper

Municipal Accounts & Consulting, L.P. acts as bookkeeper for the District.

Engineer

The consulting engineer for the District is LJA Engineering, Inc. LJA Engineering, Inc. currently serves approximately 100 other special districts as engineer.

Bond Counsel/General Counsel

The District has engaged Smith, Murdaugh, Little & Bonham, LLP, Houston, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. See "LEGAL MATTERS."

Financial Advisor

The District has employed the firm of RBC Capital Markets, LLC as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is employed by the District and has participated in the preparation of the Official Statement; however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third parties.

Auditor

The financial statements of the District as of June 30, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

PROJECTED DEBT SERVICE SCHEDULE ^(a)

Year Ending 12/31	Outstanding Debt Service	The Bonds				New Debt Service
		Principal Due 9/1	Interest Due 3/1	Interest Due 9/1	Total Principal & Interest	
2021	\$1,717,826.59	-	-	-	-	\$1,717,826.59
2022	1,707,020.00	\$180,000.00	\$55,800.00	\$69,750.00	\$305,550.00	2,012,570.00
2023	1,715,705.00	205,000.00	67,050.00	67,050.00	339,100.00	2,054,805.00
2024	1,721,545.00	210,000.00	63,975.00	63,975.00	337,950.00	2,059,495.00
2025	1,728,165.00	220,000.00	60,825.00	60,825.00	341,650.00	2,069,815.00
2026	1,738,280.00	225,000.00	57,525.00	57,525.00	340,050.00	2,078,330.00
2027	1,752,412.50	230,000.00	54,150.00	54,150.00	338,300.00	2,090,712.50
2028	1,758,750.00	240,000.00	50,700.00	50,700.00	341,400.00	2,100,150.00
2029	1,767,220.00	245,000.00	47,100.00	47,100.00	339,200.00	2,106,420.00
2030	1,778,932.50	250,000.00	43,425.00	43,425.00	336,850.00	2,115,782.50
2031	1,788,706.26	260,000.00	39,675.00	39,675.00	339,350.00	2,128,056.26
2032	1,796,677.50	270,000.00	35,775.00	35,775.00	341,550.00	2,138,227.50
2033	1,812,512.50	275,000.00	31,725.00	31,725.00	338,450.00	2,150,962.50
2034	1,820,974.98	285,000.00	27,600.00	27,600.00	340,200.00	2,161,174.98
2035	1,827,324.98	295,000.00	23,325.00	23,325.00	341,650.00	2,168,974.98
2036	1,841,531.24	300,000.00	18,900.00	18,900.00	337,800.00	2,179,331.24
2037	1,847,749.98	310,000.00	14,400.00	14,400.00	338,800.00	2,186,549.98
2038	1,861,599.98	320,000.00	9,750.00	9,750.00	339,500.00	2,201,099.98
2039	1,872,012.50	330,000.00	4,950.00	4,950.00	339,900.00	2,211,912.50
	<u>\$33,854,946.51</u>	<u>\$4,650,000.00</u>	<u>\$706,650.00</u>	<u>\$720,600.00</u>	<u>\$6,077,250.00</u>	<u>\$39,932,196.51</u>

(a) Assuming an interest rate of 3.00%; preliminary, subject to change.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS - Source of Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations. See “SELECTED FINANCIAL INFORMATION - Maintenance Tax.”

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Galveston Central Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units within Galveston County, including the District. Such appraisal values are subject to review and change by the Galveston Central Appraisal Review Board (the “Appraisal Review Board”). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of the District. For tax year 2021, the District granted an exemption of \$17,000 for persons 65 years of age or older and certain disabled persons. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$17,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential 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. Effective January 1, 2016, 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, effective January 1, 2016, 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. Effective January 1, 2018, a partially disabled veteran or the surviving spouse of a partially disabled veteran, if such spouse has not remarried since the death of the disabled veteran and the property was the residence homestead of the surviving spouse when the disabled veteran died and remains the

residence homestead of the surviving spouse, is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated to the disabled veterans by a charitable organization at no cost to the disabled veteran, or at some cost to the disabled veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50% of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. Such exemption is transferable to a different property 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. Also, the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property 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. Also, the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property 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. Effective January 1, 2018, the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such 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 is transferable to a different property 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. Additionally, the owner of a residential homestead property who is a person sixty-five (65) years of age or older or disabled is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. See "SELECTED FINANCIAL INFORMATION – Classification of Assessed Valuation."

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

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

Tax Abatement

The City or Galveston County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Galveston County or the City at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. The terms of all tax abatement agreements need not be the same.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Recent changes in state law require that homesteads be valued solely as a homestead and not for any other uses which might make the property more valuable.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized herein. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous five (5) years.

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

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

Reappraisal of Property after Disaster

The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

The District did not request a reappraisal of property when Galveston County was declared a disaster area after Hurricane Harvey.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition of review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, the owner of a residential homestead property that is a person sixty-five (65) years of age or older or disabled is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. The Tax Code provides that the District must allow for an installment agreement if a delinquent tax payer requests such an agreement. Such an agreement must provide for equal monthly installments and must extend for at least twelve months and no more than 36 months. If the subject property in question is a residential homestead then no additional penalties accrue while the agreement is in effect and payments are current.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein became effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification 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 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 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 a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Additional Penalties

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

District Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "SELECTED FINANCIAL INFORMATION – Overlapping Taxes for 2020"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. In addition, a person 65 or older may defer or abate a suit to collect delinquent taxes on the person's residence homestead. See "RISK FACTORS – Tax Collections."

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for the information under the subheadings "Book-Entry-Only System" and "Remedies in Event of Default"), "THE DISTRICT – General," "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF LEAGUE CITY," "LEGAL MATTERS," "TAXING PROCEDURES," "TAX MATTERS," "SALE AND DISTRIBUTION OF THE BONDS – Securities Laws" and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement or conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bonds Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

Smith, Murdaugh, Little & Bonham, LLP also serves as counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered. Certain legal matters will be passed upon for the District by Bracewell LLP as Disclosure Counsel. The fees of Disclosure Counsel are contingent upon the sale of the Bonds.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

In the opinion of Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

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

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

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

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

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

owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

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

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

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

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

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the 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 which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF

AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING 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.

MUNICIPAL BOND RATING AND INSURANCE RATING

The District has made application to S&P for an underlying rating on the Bonds, and S&P has assigned a rating of _____. An explanation of the significance of such ratings may be obtained from Moody's and S&P. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, by either of them, may have an adverse effect on the market price of the Bonds.

The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Bonds.

Applications have been made for a commitment to issue a policy of 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, will be at the option and expense of the Initial Purchaser. The Initial Purchaser understands, by submission of its bid, that the Initial Purchaser is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings as is described above.

MUNICIPAL BOND INSURANCE RISK FACTORS

The District has applied for a municipal 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 municipal 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 Municipal Bond Insurance Policy (the Policy) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the

Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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 that the Trustee exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable Agreements or Indenture.

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 by the Trustee pursuant to the applicable Agreements. 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 claims 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 RATING AND INSURANCE RATING" herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Trustee may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District or Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING AND INSURANCE RATING" 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.

OFFICIAL STATEMENT

Consultants

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor. Each consultant has agreed to the use of the information provided by such firms.

The Engineer. The information contained in this Official Statement relating to engineering and to the description of the System has been provided by LJA Engineering, Inc. and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District & Tax Assessor/Collector. The information contained in this Official Statement relating to the assessed valuation of property, classification of assessed valuation, tax collection rates, principal taxpayers, and in particular, such information contained in the section captioned “SELECTED FINANCIAL INFORMATION” has been provided by the Galveston Central Appraisal District and Galveston County Tax Assessor/Collector in reliance upon their authority as experts in the field of tax assessing and tax collecting, respectively.

Auditor. The financial statements of the District as of June 30, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Certification as to Official Statement

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

Updating of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to 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 included under the headings "SELECTED FINANCIAL INFORMATION" (except for "Estimated Overlapping Debt Statement" and "Overlapping Taxes for 2020"), "OPERATING STATEMENT" and "APPENDIX A" (Independent Auditor's Report and Financial Statements for the year ended June 30, 2020). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 ("Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond 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 current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless it changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule").

The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for 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."

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an Initial Purchaser 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 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 Initial Purchaser 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.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Galveston County Municipal Utility District No. 44, as of the date shown on the first page hereof.

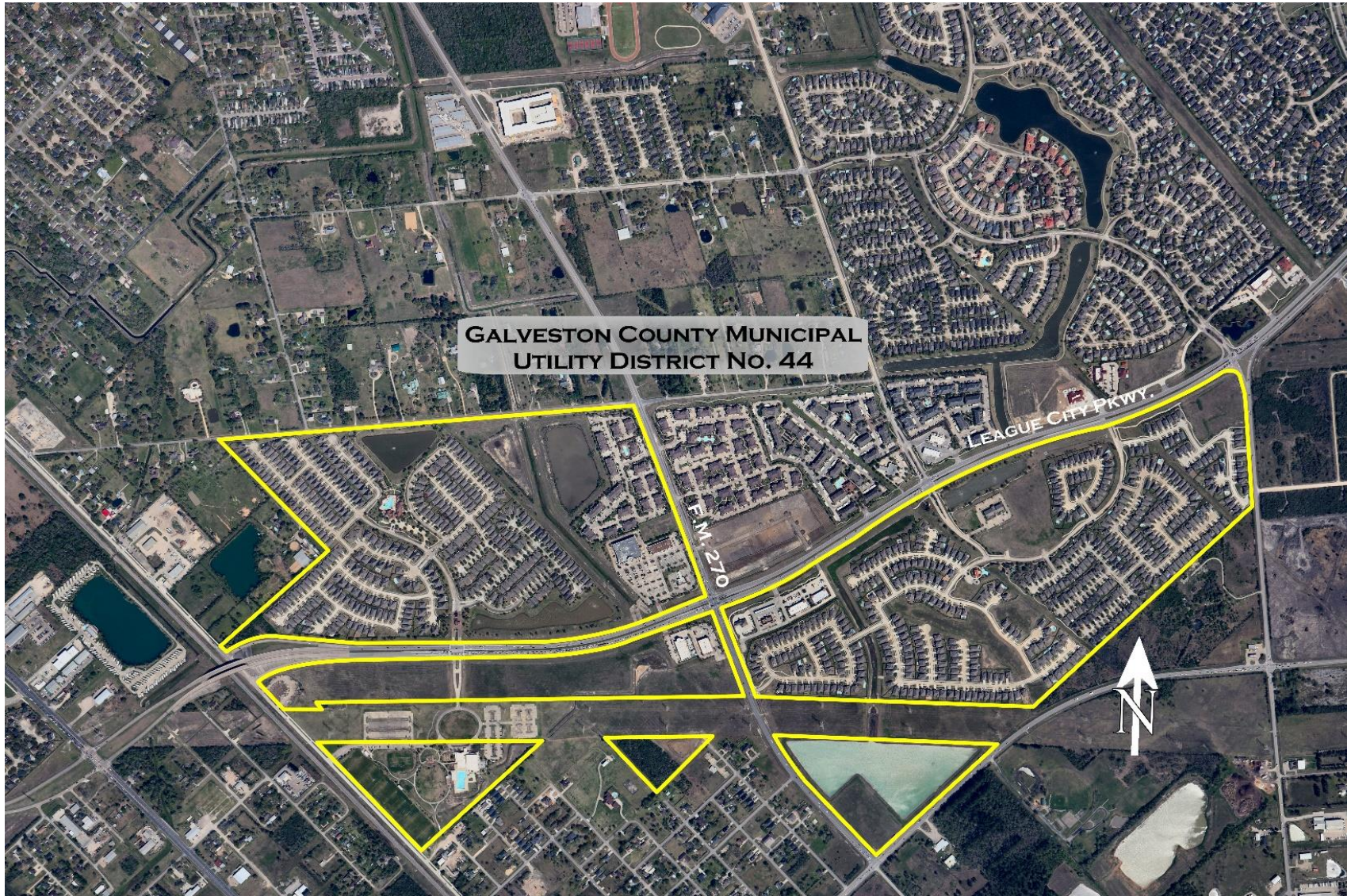
/s/

W. E. White
President, Board of Directors
Galveston County Municipal Utility District No. 44

/s/

Terry Finkle
Secretary, Board of Directors
Galveston County Municipal Utility District No. 44

AERIAL PHOTOGRAPH
(As of April 2021)



PHOTOGRAPHS
(As of April 2021)



Child Care



Single-Family Residential



CVS Pharmacy



Single-Family Residential



Single-Family Residential



Single-Family Residential

APPENDIX A

Independent Auditor's Report and Financial Statements for the year ended June 30, 2020