

**OFFICIAL STATEMENT DATED JULY 8, 2020**

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF CHAMBERS COUNTY IMPROVEMENT DISTRICT NO. 2, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE **NOT** BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

**BOOK-ENTRY-ONLY**

Rating: Moody's "Baa1"  
See "MUNICIPAL BOND RATING" herein.

**\$6,050,000**

**CHAMBERS COUNTY IMPROVEMENT DISTRICT NO. 2**

*(A political subdivision of the State of Texas located within Chambers County)*

**UNLIMITED TAX BONDS SERIES 2020**

**Dated: August 1, 2020**

**Due: December 1, as shown below**

Principal of the Bonds will be payable at maturity or earlier redemption at the principal payment office of the Paying Agent/Registrar, initially Regions Bank, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will accrue from August 1, 2020 and will be payable on December 1 and June 1 of each year, commencing December 1, 2020 (four months of interest) until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of \$5,000 each or integral multiples thereof. The Bonds will be subject to redemption prior to their maturity, as shown below.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

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

Due Dec. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due Dec. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2022	\$ 210,000	2.000%	1.050%	157793 EB2	2029	\$ 250,000 (b)	2.000%	2.000%	157793 EJ5
2023	210,000	2.000	1.080	157793 EC0	****	****	****	****	****
2024	215,000	2.000	1.180	157793 ED8	2032	250,000 (b)	2.250	2.330	157793 EM8
2025	230,000	2.000	1.310	157793 EE6	2033	250,000 (b)	2.375	2.440	157793 EN6
2026	230,000	2.000	1.500	157793 EF3	2034	250,000 (b)	2.500	2.510	157793 EP1
2027	240,000 (b)	2.000	1.650	157793 EG1	2035	250,000 (b)	2.500	2.610	157793 EQ9
2028	240,000 (b)	2.000	1.850	157793 EH9	2036	250,000 (b)	2.625	2.680	157793 ER7

\$500,000 Term Bonds due December 1, 2031 (b), 157793 EL0 (c), 2.125% Interest Rate, 2.200% Yield (a)  
 \$775,000 Term Bonds due December 1, 2039 (b), 157793 EU0 (c), 2.750% Interest Rate, 2.850% Yield (a)  
 \$825,000 Term Bonds due December 1, 2042 (b), 157793 EX4 (c), 3.000% Interest Rate, 3.000% Yield (a)  
 \$875,000 Term Bonds due December 1, 2045 (b), 157793 FA3 (c), 3.000% Interest Rate, 3.050% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from August 1, 2020 is to be added to the price.
- (b) The Bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on December 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
- (c) CUSIP Numbers will be assigned to the Bonds by the CUSIP Service Bureau and will be included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

The Bonds, when issued, will constitute valid and legally binding obligations of Chambers County Improvement District No. 2 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Chambers County, the City of Baytown or any entity other than the District. Investment in the Bonds is subject to special risk factors described herein. See "RISK FACTORS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about August 18, 2020.

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### USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas, 77056 upon payment of the costs of duplication.

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

## OFFICIAL STATEMENT SUMMARY

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

### THE FINANCING

- The Issuer .....Chambers County Improvement District No. 2 (the “District”), a political subdivision of the State of Texas, is located in Chambers County, Texas. See “THE DISTRICT.”
- The Issue .....The \$6,050,000 Unlimited Tax Bonds, Series 2020 (the “Bonds”) are being issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the District’s Board of Directors (the “Board”). The Bonds mature serially on December 1 in each year from 2022 through 2029, both inclusive, and 2032 through 2036, both inclusive, and as term bonds maturing December 1, in each of the years 2031, 2039, 2042 and 2045 (the “Term Bonds”), in the respective amounts and bearing interest at the rates for each maturity shown on the cover page hereof. Interest on the Bonds will accrue from August 1, 2020 and will be payable June 1 and December 1 of each year commencing December 1, 2020 (four months of interest.) The Bonds maturing on or after December 1, 2027 are subject to optional redemption, in whole or, from time to time, in part, on December 1, 2026, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. . The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. If less than all the Bonds are redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be selected by the District in integral multiples of \$5,000 in any one maturity. If less than all the Bonds within a maturity are redeemed, the Bonds to be redeemed shall be selected by DTC in accordance with its procedures. See “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple thereof. See “THE BONDS.”
- Book-Entry-Only.....The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC, which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “BOOK-ENTRY- ONLY SYSTEM.”
- Authority for Issuance.....At an election held within the District on November 8, 2011, voters authorized a total of \$53,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are the fourth installment of bonds issued pursuant to such authorization. After sale of the Bonds, the District will have \$31,065,000 principal amount of unlimited tax bonds authorized but unissued for purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are issued pursuant to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 3872 of the Texas Special District Local Laws Code, as amended, and an order of the Texas Commission on Environmental Quality (the “Commission”) dated May 15, 2020. See “THE BONDS—Authority for Issuance” and “—Issuance of Additional Debt.”
- Source of Payment .....The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Chambers County, the City of Baytown or any entity other than the District. See “THE BONDS—Source and Security for Payment.”

- Use of Proceeds.....Proceeds from the Bonds will be used to reimburse the Developer (hereinafter defined) for: (1) drainage improvements; (2) construction and engineering of waterline extensions; (3) construction and engineering for AmeriPort West water, wastewater and storm improvements; (4) excavation of FM 565 Roadside Ditch; (5) construction and excavation of Detention Ponds 5, 6 and 7; (6) pipeline relocations; and (7) City of Baytown Impact Fees. Bond proceeds will also be used to pay certain costs associated with the issuance of the Bonds. See “THE SYSTEM—Use and Distribution of Bond Proceeds.”
- Payment Record .....The District has issued three series of unlimited tax water, sanitary sewer and drainage bonds and one series of unlimited tax road bonds, of which \$23,185,000 principal amount remains outstanding (the “Outstanding Bonds”). The District has never defaulted in the timely payment of principal of or interest on its previously issued bonds.
- Future Debt.....The District anticipates issuing its Unlimited Tax Road Bonds, Series 2020A in the approximate amount of \$9,000,000 in the fourth quarter of 2020. See “RISK FACTORS—Future Debt” and “THE BONDS—Issuance of Additional Debt.”
- Not Qualified Tax-Exempt Obligations .....The District has not designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS—Not Qualified Tax-Exempt Obligations.”
- Legal Opinion .....Schwartz, Page & Harding, L.L.P., Bond Counsel, Houston, Texas.
- Engineer .....Ward, Getz & Associates, PLLC, Houston, Texas.
- Disclosure Counsel.....McCall, Parkhurst & Horton L.L.P, Houston, Texas.
- Financial Advisor .....Masterson Advisors LLC, Houston, Texas.
- Paying Agent/Registrar .....Regions Bank, Houston, Texas.
- Municipal Bond Insurance .....Moody’s Investors Service (“Moody’s”) has assigned a credit rating of “Baa1” on the Bonds. An explanation of the rating may be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The fee associated with the rating assigned to the District by Moody’s will be paid by the District. See “MUNICIPAL BOND RATING.”
- Risk Factors.....The purchase and ownership of the Bonds are subject to special risk factors, and all prospective purchasers are urged to examine carefully the entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned “RISK FACTORS.”

**THE DISTRICT**

- Description .....The District is a political subdivision of the State of Texas, created by Act of the 81st Legislature of the State of Texas, June 19, 2009, Regular Session pursuant to Senate Bill 2511, codified as Chapter 3872 of the Texas Special District Local Laws Code. The District was created as a special district under Article III, Sections 52 and 52-a, and Article XVI, Section 59 of the Texas Constitution. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, and Chapter 3872 of the Texas Special District Local Laws Code, as amended. The District consists of approximately 895 acres of land. The District has indicated its intent to annex an additional 490 acres of land into the District. See “THE DISTRICT.”
- Location.....The District is located in Chambers County, approximately 8 miles east of the central downtown business district of the City of Baytown and 20 miles east of the central business district of the City of Houston. The District is bordered by FM Highway 565 on the north, a Coastal Water Authority Canal on the east and southeast and FM 1405 on the west. Access to the District is provided by Interstate Highway 10 east to SH 99 (Grand Parkway) south. The District is located entirely within the extraterritorial jurisdiction of the City of Baytown and within the boundaries of the Goose Creek Independent School District. See “THE DISTRICT.”

Infectious Disease Outlook

(Covid-19) .....The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. As described herein under “RISK FACTORS—Infectious Disease Outlook (COVID-19)”, federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition. See “RISK FACTORS—Infectious Disease Outlook (COVID-19).”

Recent Extreme Weather Events; Hurricane Harvey

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

The greater Houston area has experienced 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 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Operator, there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the Engineer, the District’s system did not sustain any material damage from Hurricane Harvey. The District did not receive reports that any taxable property 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. See “RISK FACTORS—Recent Extreme Weather Events; Hurricane Harvey.”

Status of Development .....Development in the District consists of AmeriPort Industrial Park, a 895 acre master planned business park with Union Pacific and BNSF Railway dual rail service. The AmeriPort Industrial Park is located in close proximity to the Port of Houston and Barbours Cut terminals. Approximately 475 acres in the District are developed with utilities and existing development in the District consists of the following thirteen (13) AmeriPort Buildings: (1) AmeriPort Building 1, a 214,000 square foot facility located on approximately 11.26 acres of land is leased to Delta Companies Group.; (2) AmeriPort Building 2, a 168,480 square foot facility located on approximately 17.03 acres of land, is leased to Delta Petroleum (72%) and Soltex (28%); (3) AmeriPort Building 3, a 252,720 square foot building located on approximately 16.02 acres of land of land, is leased to Greif, Inc. and Delta Companies Group.; (4) AmeriPort Building 4, a 333,200 square foot building located on approximately 18.46 acres of land, is leased to Palmer Logistics; (5) AmeriPort Building 5, a 327,600 square foot building located on approximately 16.76 acres of land, which is leased by Plantgistix-Baytown; (6) AmeriPort Building 6, a 458,250 square foot building located on approximately 24.92 acres of land, and which is leased to Geodis (65%) and Exxon Mobil Corporation (35%); (7) AmeriPort Building 7, a 203,840 square foot building located on approximately 17.11 acres of land, which is leased to Palmer Logistics; (8) AmeriPort Building 8, a 35,000 square foot building on approximately 5.20 acres is leased to Boral Resources, LLC; (9) AmeriPort Building 9, a 337,040 square foot building on approximately 19 acres of land, which is leased to Plantgistix-Baytown; (10) AmeriPort Building 10, a 306,240 square foot building on approximately 21.4 acres, which is leased to Access World (101,640 square feet) and to Delta Companies Group (204,600 square feet); (11) AmeriPort Building 11, a 225,500 square foot building on approximately 14 acres of land is leased to NT Logistics, Inc; (12) AmeriPort Building 12, a 218,553 square foot building on approximately 11 acres, which is leased to Palmer Logistics; and (13) AmeriPort Building 14, a 133,000 square foot building on approximately 8.85 acres of land which is leased to A&R Logistics. Each of the AmeriPort buildings is owned by a separate entity, each of which is an affiliate of AmeriPort, LLC.

In addition, AmeriPort Industrial Park includes the following improvements which are not owned by the affiliates of AmeriPort, LLC: (1) the Custom Commodities, a 8,600 square foot building on approximately 6 acres, completed in February, 2018; (2) the Hunting Energy Services building, a 99,000 square foot facility on approximately 39.96 acres of land; (3) the Taylor Wharton building, a 101,320 square foot facility on approximately 12 acres of land; (4) the HMT, LLC building, a 120,456 square foot facility located on approximately 15.83 acres; and (5) the FlexSteel building, a 428,298 square foot facility located on approximately 56.17 acres of land (FlexSteel owns the building and contents of the building and Rubiales Consulting owns the land on which the building is located). A 150,400 square foot expansion of the FlexSteel facility was recently completed. Approximately 135 acres of land has been developed into a rail yard owned by Rail Logix AmeriPort, LLC.

There are approximately 205 acres that are developed with utilities, but have no above ground improvements; approximately 60 acres that have no utilities available, but are developable; and approximately 164 acres of land that are undevelopable, which includes detention ponds, pipelines, roads and a lift station site.

Developer .....The developer of AmeriPort Industrial Park is AmeriPort, LLC (the “Developer”), a Texas limited liability company. The Developer is a land holding company which is financing the construction of the water, sanitary sewer, drainage and road facilities to serve the District. Each of the thirteen (13) AmeriPort buildings described above is owned by a separate entity, each of which is an affiliate of the Developer. National Property Holdings, L.P., a Texas limited partnership and an affiliate of AmeriPort, LLC, manages the development for the Developer. The Developer owns an additional approximately 265 acres of undeveloped land in the District. See “THE DEVELOPER.”

## SELECTED FINANCIAL INFORMATION

2019 Certified Taxable Assessed Valuation .....	\$457,214,907	(a)
2020 Preliminary Taxable Assessed Valuation .....	\$479,127,459	(b)
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	\$480,427,459	(c)
Gross Direct Debt Outstanding .....	\$29,235,000	(d)
Estimated Overlapping Debt .....	<u>20,668,673</u>	
Total Gross Direct Debt and Estimated Overlapping Debt .....	\$49,903,673	
Ratios of Gross Direct Debt to:		
2019 Certified Taxable Assessed Valuation .....	6.39%	
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	6.09%	
Ratios of Gross Direct and Estimated Overlapping Debt to:		
2019 Certified Taxable Assessed Valuation .....	10.91%	
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	10.39%	
Capital Projects Funds Available as of May 13, 2020.....	\$153,266	
Operating Funds Available as of May 13, 2020 .....	\$2,350,224	
Bond Funds Available as of May 13, 2020		
Water, Sewer and Drainage Bond Funds .....	\$1,655,256	(e)
Road Bond Funds .....	\$ 868,852	(e)
2019 Debt Service Tax Rate .....	\$0.35	
2019 Maintenance Tax Rate.....	<u>0.33</u>	
Total .....	\$0.68	
Average Annual Debt Service Requirement (2020-2045).....	\$1,702,147	(f)
Maximum Annual Debt Service Requirement (2031).....	\$1,828,143	(f)
Tax Rate Required to Pay Average Annual Debt Service (2020-2045) at a 95% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation .....	\$0.40	
Based upon Estimated Taxable Assessed Valuation as of May 15, 2020.....	\$0.38	
Tax Rate Required to Pay Maximum Annual Debt Service (2031) at a 95% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation .....	\$0.43	
Based upon Estimated Taxable Assessed Valuation as of May 15, 2020.....	\$0.41	
Status of Development as of May 13, 2020:		
Commercial Connections .....	23	
Fire Connections .....	15	
Irrigation Connections.....	15	
(a)	As certified by the Chambers County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."	
(b)	Provided by the Appraisal District as a preliminary indication of the 2020 taxable assessed value. Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."	
(c)	Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on May 15, 2020. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."	
(d)	After giving effect to issuance of the Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."	
(e)	Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer, and drainage facilities or to refund such bonds ("WSD Bonds") and bonds issued for the purpose of financing road facilities or to refund such bonds ("Road Bonds"), and deposited into separate sub-accounts within the District's Bond Fund. Accrued interest on the Bonds from their dated date to the date of delivery will be deposited into the WSD Bond sub-account within the District's Bond Fund. See "THE BONDS-Funds." Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Bond Fund.	
(f)	See "DEBT SERVICE REQUIREMENTS."	

## OFFICIAL STATEMENT

**\$6,050,000**

### **CHAMBERS COUNTY IMPROVEMENT DISTRICT NO. 2**

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

### **UNLIMITED TAX BONDS, SERIES 2020**

This Official Statement provides certain information in connection with the issuance by Chambers County Improvement District No. 2 (the “District”) of its \$6,050,000 Unlimited Tax Bonds, Series 2020 (the “Bonds”).

The Bonds are issued pursuant to Article XVI Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 3872 of the Texas Special Local Laws Code, as amended, an order of the Texas Commission on Environmental Quality (the “Commission”) authorizing the sale of the Bonds, elections held within the District, and an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District and AmeriPort LLC (the “Developer”), 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 documents may be obtained from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of the cost of duplication.

## RISK FACTORS

### **General**

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

### **Infectious Disease Outlook (COVID-19)**

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.



Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

### **Potential Effects of Oil Price Declines on the Houston Area**

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

### **Recent Tropical Weather Events; Hurricane Harvey**

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

The greater Houston area has experienced 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 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Operator, there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the Engineer, the District's system did not sustain any material damage from Hurricane Harvey. The District did not receive reports that any taxable property within the District experienced structural flooding 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.

### **Dependence on Principal Taxpayers**

The ten principal taxpayers represent \$229,380,275 or approximately 50.17% of the 2019 Certified Taxable Assessed Valuation of \$457,214,907, which represents ownership as of January 1, 2019. Based upon the 2019 certified tax rolls, FlexSteel Pipeline Technologies, Inc. (“FlexSteel”) is responsible for approximately 11.72% of the District’s 2019 taxes levied on approximately \$53,607,881 in taxable personal property. FlexSteel is located in the building on land owned by Rubiales Consulting, Inc. Hunting Energy Services is responsible for 6.53% of the District’s 2019 taxes on approximately \$29,848,739 of land and improvements. Rubiales Consulting, Inc. (“Rubiales”) is the third largest taxpayer on the principal taxpayer list. Rubiales is responsible for approximately 4.95% of the District’s 2019 taxes levied on approximately \$22,624,964 in taxable assessed value.

AmeriPort Building 5 LLC, AmeriPort Building 6 LLC and AmeriPort Building 7 LLC are each among the ten principal taxpayers, and are collectively responsible for approximately \$48,733,106 in assessed value, representing 10.66% of the District’s taxes levied. In addition to these 3 entities that are related to the Developer, other properties owned by entities affiliated with the Developer represent an additional \$77,558,455 in assessed value. Entities related to the Developer total \$126,291,561 in assessed value or 27.62% of the District’s 2019 certified taxable assessed value. See “THE DISTRICT—Status of Development,” “THE DEVELOPER” and “TAX DATA—Principal Taxpayers.”

The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Bond Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds. See “Tax Collection Limitations and Foreclosure Remedies” in this section, “TAXING PROCEDURES—Levy and Collection of Taxes.”

The Developer has informed the Board that its current plan is to develop the remaining undeveloped land. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or any other landowner within the District to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer or any other landowner. See “THE DEVELOPER”

### **Dependence on Personal Property Tax Collections**

Because substantially all of the District’s 2019 tax base is comprised of industrial/manufacturing/commercial facilities, approximately 69.29% (\$316,822,375) of the certified 2019 Taxable Assessed Valuation (\$457,214,907) is personal property. See “TAX DATA—Summary of Assessed Valuation,” “TAX PROCEDURES—Property Subject to Taxation by the District,” and “THE DISTRICT—Foreign Trade Zone Tax Equivalency and Contribution Agreement.”

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable, and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. A lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitations period is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See “TAX PROCEDURES.”

### **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District currently results from the current market value of industrial/manufacturing/commercial facilities and vacant tracts of land. The market value of such properties is related to general economic conditions in Houston (including the oil and gas industry), the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for industrial/manufacturing/commercial facilities of this type can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Additionally, the Developer estimates that approximately 70 percent of the District's 2019 tax base has exposure to the upstream oil and gas industry. Because the Houston area economy (which includes Chambers County) is particularly affected by the oil and gas industry, significant fluctuations in the prices for oil and gas could negatively affect the demand for and the values of real estate in the Houston area.

### **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 20 miles east of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth or reduce the value of the District's property tax base.

### **Landowner Obligation to the District**

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

### **Maximum Impact on Tax Rate**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2019 Certified Preliminary Taxable Assessed Valuation is \$457,214,907, which is subject to review and downward adjustment prior to certification. After issuance of the Bonds, the maximum debt service requirement on the Bonds will be \$1,828,143 (2031), and the average annual debt service requirement will be \$1,702,147 (2020-2045 inclusive). Assuming no increase or decrease from the 2019 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a tax rate of \$0.43 per \$100 of appraised valuation at a ninety percent (95%) collection rate would be necessary to pay the maximum debt service requirement and a tax rate of \$0.40 would be necessary to pay the average annual debt service requirement on the Bonds. The District's Estimated Taxable Assessed Valuation as of May 15, 2020 is \$480,427,459, which reduces the above calculations to a tax rate of \$0.41 to pay the maximum debt service requirement on the Bonds and a tax rate of \$0.38 to pay the average debt service requirement on the Bonds.

### **Undeveloped Acreage**

There are 265 acres of land that have no above-ground improvements constructed. Of the 265 acres, approximately 60 developable acres of land within the District have not been provided with water, sanitary sewer, drainage, road and other facilities necessary for the construction of taxable improvements. The remaining 205 acres have utilities available, but no above-ground improvements. The District makes no representation as to when or if development of the undeveloped acreage will occur. See "THE DISTRICT—Land Use" and "—Status of Development."

### **Risk of Catastrophic Loss**

In the event of a natural or manmade disaster, such as a hurricane, fire, earthquake, tornado, explosion, terrorist attack, or other event destroyed one of the major facilities located in the District, the appraised value of real and personal property within the District could be drastically reduced. Given the District's proximity to Galveston Bay (and thus the Gulf of Mexico) and to the Port of Houston and Houston Ship Channel, the District is vulnerable to damages caused by hurricanes and terrorist attacks. Further, given that many of the major facilities in the District are distribution facilities, operations in the District could be interrupted if a hurricane, terrorist attack or other event did not directly affect properties in the District but severely damaged transportation facilities in the area such as the Houston Ship Channel, railroad facilities, bridges and roads.

## **Environmental and Air Quality Regulations**

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

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

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

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

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

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

The HGB area is currently designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

**Water Supply & Discharge Issues.** Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

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

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

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

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District is in the process of preparing its Notice of Intent and Stormwater Management Plan to apply for coverage under the MS4 Permit by the July 23, 2019 deadline. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

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

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

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The EPA published the NWPR in the Federal Register on April 21, 2020 and will go into effect on June 22, 2020. It will likely become the subject of further litigation.

Due to ongoing rulemaking activity, as well as 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.

**Flood Protection.** The District is located within the Sawpit Gully watershed. According to the most recent maps published by the Federal Emergency Management Agency, approximately 310 acres of land within the District are located within the 100-year floodplain. Developments within the District have been filled to above the 100-year floodplain. Applications for Letters of Map Revision to remove these sites from the official floodplain have been or will be submitted to FEMA.

### **Tax Collection Limitations**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

### **Registered Owners Remedies**

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

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

### **Bankruptcy Limitation to Registered Owners' Rights**

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas 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, the District must also obtain the approval of the Commission prior to filing bankruptcy. Such law requires that the Commission investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect the Registered Owners by reducing or eliminating the interest rate or the principal amount, 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.

A district may not be forced into bankruptcy involuntarily.

### **Future Debt**

The District reserves in the Bond Order the right to issue the remaining \$31,065,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, the \$6,850,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of financing and constructing recreational facilities, the \$16,900,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of financing and constructing road facilities, the \$84,750,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding the outstanding unlimited tax bonds of the District and any additional bonds which may be voted hereafter. With the consent of the District, the Developer has financed and has not been reimbursed for the design and construction of water, sanitary sewer and drainage facilities to serve ongoing and future phases of developments within the District, as well as other District facilities, including road facilities. According to the District Engineer, the costs of such facilities are approximately \$4,645,000. It is anticipated that additional bonds will be issued in the future to reimburse the Developer and to serve the undeveloped acreage within the District. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds should be adequate, under present land use projections, to finance such improvements. The District's anticipates issuing its Unlimited Tax Road Bonds, Series 2020A in the approximate amount of \$9,000,000 in the fourth quarter of 2020. See "THE BONDS—Issuance of Additional Debt," and "Financing Recreational Facilities." The issuance of such future obligations may adversely affect the investment security of the Bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board and any bonds issued to acquire or construct water, sewer and drainage facilities or recreational facilities must be approved by the Commission. See "THE SYSTEM—Future Debt."

### **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 in the Bond Order on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS—Tax Exemption."

### **Marketability**

The District has no agreement with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

### **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## 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, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. 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.

### **Description**

The Bonds will be dated August 1, 2020, with interest payable on December 1, 2020, and on each June 1 and December 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from August 1, 2020, and thereafter, from the most recent Interest Payment Date. The Bonds mature on December 1 of the years and in the amounts shown under "MATURITIES PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

### **Authority for Issuance**

At an election held within the District on November 8, 2011, voters of the District authorized a total of \$53,200,000 in unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds constitute the fourth issuance of bonds from such authorization. After the issuance of the Bonds, a total of \$31,065,000 in principal amount of unlimited tax bonds for acquiring or constructing water, sanitary sewer and drainage facilities will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 3872 of the Texas Special Local Laws Code, as amended, and an order of the Commission dated May 15, 2020.

### **Source and Security for Payment**

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAX PROCEDURES". Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the City of Baytown, Chambers County, the State of Texas, or any political subdivision or entity other than the District.

### **Funds**

The Bond Order confirms the prior creation of the District's Bond Fund, and confirms the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, wastewater and storm drainage ("WSD Bonds") from funds received to pay debt service on bonds issued to finance road facilities ("Road Bonds"). The Bond Order also confirms the District's Construction Fund, and confirms the sub-accounts which are used to separate proceeds from WSD Bonds and Road Bonds. Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-account of the Bond Fund created in respect of WSD Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD Bonds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Bond Fund created in respect of WSD Bonds. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the subaccounts created in respect of WSD Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Bond Fund created in respect of WSD Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due to or become due on WSD Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in a sub-account created in respect of Road Bonds, will not be allocated to the payment of the Bonds.



**Record Date**

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

**Redemption Provisions**

*Mandatory Redemption:* The Bonds maturing on December 1 in each of the years 2031, 2039, 2042 and 2045 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Redemption Date”), on December 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

<b>\$500,000 Term Bonds</b>		<b>\$775,000 Term Bonds</b>		<b>\$825,000 Term Bonds</b>	
<b>Due December 1, 2031</b>		<b>Due December 1, 2039</b>		<b>Due December 1, 2042</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2030	\$ 250,000	2037	\$ 250,000	2040	\$ 275,000
2031 (maturity)	250,000	2038	250,000	2041	275,000
		2039 (maturity)	275,000	2042 (maturity)	275,000

  

<b>\$875,000 Term Bonds</b>	
<b>Due December 1, 2045</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2043	\$ 275,000
2044	275,000
2045 (maturity)	325,000

Notice of the mandatory redemption of the Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY-SYSTEM.”

*Optional Redemption:* The District reserves the right, at its option, to redeem the Bonds maturing on and after December 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on December 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Serial Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See “BOOK-ENTRY-ONLY SYSTEM.” If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

*Effects of Redemption:* By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest 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.

**Method of Payment of Principal and Interest**

The Board has appointed Regions Bank, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See “BOOK-ENTRY-ONLY SYSTEM.”

## **Registration**

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully- registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK- ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrars in the State of Texas for the purpose of maintaining the Register on behalf of the District.

## **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrars selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

## **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

## **Issuance of Additional Debt**

The District's voters have authorized the issuance of a total of \$53,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. Following the issuance of the Bonds, the District will have \$31,065,000 principal amount of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized issuance of a total of \$6,850,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, all of which is unissued, and could authorize additional amounts. The District's voters have authorized a total of \$24,700,000 principal amount of unlimited tax bonds for financing and constructing road facilities, \$16,900,000 principal amount of which is unissued, and could issue additional amounts. See "Financing Recreational Facilities" and "Financing Road Facilities" below. The District's voters have also authorized a total of \$84,750,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. The District currently has \$84,750,000 principal amount of unlimited tax refunding bonds authorized but unissued. The District anticipates issuing its Unlimited Tax Road Bonds, Series 2020A in the approximate amount of \$9,000,000 in the fourth quarter of 2020.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Issuance of additional bonds could dilute the investment security for the Bonds.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Commission; and (c) approval of bonds by the Attorney General of Texas. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

On May 7, 2016, the voters of the District approved a fire plan and agreement with the City for the provision of emergency protection services. The District's obligations under the fire plan and agreement are not payable from or secured by District taxes and no bonds will be issued by the District pursuant to such fire plan or agreement.

### **Financing Road Facilities**

The District was created by Act of the 81<sup>st</sup> Legislature of the State of Texas, June 19, 2009, Regular Session pursuant to Senate Bill 2511, codified as Chapter 3872 of the Texas Special District Local Laws Code, as a special district under Article III, Sections 52 and 52-a, and Article XVI, Section 59 of the Texas Constitution, which included the granting of road powers. The voters of the District authorized a total of \$24,700,000 principal amount of unlimited tax bonds for financing and constructing road facilities. The District has issued \$7,800,000 principal amount of unlimited tax road bonds from said authorization. The District has reimbursed the Developer approximately \$1,220,070 plus interest of \$151,849 for road facilities from surplus operating funds. See “—Issuance of Additional Debt” herein and “RISK FACTORS – Future Debt.” Issuance of additional bonds for road facilities may dilute the security for the Bonds.

### **Financing Recreational Facilities**

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the Commission in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on November 8, 2011, voters of the District authorized a total of \$6,850,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The District has not issued bonds from said authorization.

Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

### **Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed for full purposes by the City, subject to compliance by the City of Baytown with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Baytown hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Baytown must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and, therefore, the District makes no representation that the City will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Baytown to make debt service payments should annexation occur.

### **Consolidation**

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

## **Remedies in Event of Default**

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

## **Defeasance**

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

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

## **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 and the Financial Advisor believe the source of such information to be reliable, but neither of the District, the Financial Advisor nor the Initial Purchaser take any responsibility for the accuracy or completeness thereof.*

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

The Depository Trust Company (“DTC”), New York, New York, 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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 depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

## **THE DISTRICT**

### **General**

The District is a political subdivision of the State of Texas, created by Act of the 81st Legislature of the State of Texas, June 19, 2009, Regular Session pursuant to Senate Bill 2511, codified as Chapter 3872 of the Texas Special District Local Laws Code, as amended. The District was created as a special district under Article III, Sections 52 and 52-a, and Article XVI, Section 59 of the Texas Constitution. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, and Chapter 3872 of the Texas Special District Local Laws Code, as amended. The District, which lies wholly within the extraterritorial jurisdiction of the City of Baytown, is subject to the continuing supervisory jurisdiction of the Commission.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; 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 disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the City of Baytown, the Commission and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to certain limitations, develop and finance roads. See “THE BONDS—Issuance of Additional Debt” and “Financing Recreational Facilities” and “Financing Road Facilities”.

The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City and filed in the real property records of Chambers County. The District is also required to obtain certain Commission approvals prior to acquiring, constructing and financing road and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational facilities. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM.”

### **Description and Location**

The District consists of approximately 895 acres of land. The District has indicated its intent to annex an additional 490 acres of land into the District. The District is located in Chambers County, approximately 8 miles east of the central downtown business district of the City and 20 miles east of the central downtown business district of the City of Houston. The District is bordered by FM Highway 565 on the north, a Coastal Water Authority Canal on the east and southeast and FM 1405 on the west. Access to the District is provided by Interstate Highway 10 east to SH 99 (Grand Parkway) south. The District is located entirely within the extraterritorial jurisdiction of the City and within the boundaries of the Goose Creek Independent School District.

### **Agreement for Emergency Protection Services**

On October 24, 2014, the District entered into the Agreement for Emergency Protection Services with the City. The City has agreed to provide fire protection services to the District in return for quarterly payments for the costs of providing such services. The quarterly payment is determined by the then assessed value within the District and is payable on the first day of January, April, July and October of the contract year. Additionally, the District will pay for any materials used to repair or replace any equipment damaged or destroyed in connection with providing service within the District. District voters approved a fire plan and the Agreement for Emergency Protection Services with the City at an election on May 7, 2016. The District will not fund any of the costs of providing fire protection services with bond funds.

## **Foreign Trade Zone Tax Equivalency and Contribution Agreement**

On March 11, 2020, the District entered into a Foreign Trade Zone Tax Equivalency Agreement with Access World (USA) LLC (the "Tax Equivalency Agreement"). Pursuant to the Tax Equivalency Agreement, the District agreed to execute a Non-Opposition Letter in support of Access World (USA) LLC's application for the creation of a new Usage Driven Foreign-Trade Zone site ("FTZ Site") at its inventory storage facility located within Foreign Trade Zone No. 171 and the District. If Access World (USA) LLC's inventory storage facility is designated as a FTZ Site, certain personal property and inventory located within the facility will be exempt from ad valorem taxes levied by the District. Accordingly, Access World (USA) LLC has agreed to require all of its customers owning or storing inventory within the facility to execute an agreement that requires the customer to make an annual payment to the District in an amount equivalent to the taxes that would have been paid to the District had the personal property and inventory not received the foreign trade zone exemption. As of June 1, 2020, the facility has not received the FTZ Site designation.

## **Development**

Development in the District consists of AmeriPort Industrial Park, a 895 acre master planned business park with Union Pacific and BNSF Railway dual rail service. The AmeriPort Industrial Park is located in close proximity to the Port of Houston and Barbours Cut terminals. Approximately 475 acres in the District are developed with utilities and existing development in the District consists of the following thirteen (13) AmeriPort Buildings: (1) AmeriPort Building 1, a 214,000 square foot facility located on approximately 11.26 acres of land is leased to Delta Companies Group.; (2) AmeriPort Building 2, a 168,480 square foot facility located on approximately 17.03 acres of land, is leased to Delta Petroleum (72%) and Soltex (28%); (3) AmeriPort Building 3, a 252,720 square foot building located on approximately 16 acres of land of land, is leased to Greif, Inc. and Delta Companies Group.; (4) AmeriPort Building 4, a 333,200 square foot building located on approximately 18.46 acres of land, is leased to Palmer Logistics; (5) AmeriPort Building 5, a 327,600 square foot building located on approximately 16.76 acres of land, which is leased by Plantgistix-Baytown; (6) AmeriPort Building 6, a 458,250 square foot building located on approximately 24.92 acres of land, and which is leased to Geodis (65%) and Exxon Mobil Corporation (35%); (7) AmeriPort Building 7, a 203,840 square foot building located on approximately 17.11 acres of land, which is leased to Palmer Logistics; (8) AmeriPort Building 8, a 35,000 square foot building on approximately 5.20 acres is leased to Boral Resources, LLC; (9) AmeriPort Building 9, a 337,040 square foot building on approximately 19 acres of land, which is leased to Plantgistix-Baytown; (10) AmeriPort Building 10, a 306,240 square foot building on approximately 21.4 acres, which is leased to Access World (101,640 square feet) and to Delta Companies Group (204,600 square feet); (11) AmeriPort Building 11, a 225,500 square foot building on approximately 14 acres of land is leased to NT Logistics, Inc (124,200 square feet); (12) AmeriPort Building 12, a 218,553 square foot building on approximately 11.2 acres, which is leased to Palmer Logistics; and (13) AmeriPort Building 14, a 133,000 square foot building on approximately 8.85 acres, which is leased to A&R Logistics. Each of the AmeriPort buildings is owned by a separate entity, each of which is an affiliate of AmeriPort, LLC.

In addition, AmeriPort Industrial Park includes the following improvements which are not owned by the affiliates of AmeriPort, LLC: (1) the Custom Commodities, a 8,600 square foot building on approximately 6 acres, completed in February, 2018; (2) the Hunting Energy Services building, a 99,000 square foot facility on approximately 39.96 acres of land; (3) the Taylor Wharton building, a 101,320 square foot facility on approximately 12 acres of land; (4) the HMT, LLC building, a 120,456 square foot facility located on approximately 15.83 acres; and (5) the FlexSteel building, a 428,298 square foot facility located on approximately 56 acres of land (FlexSteel owns the building and contents of the building and Rubiales Consulting owns the land on which the building is located). A 150,400 square foot expansion of the FlexSteel facility was recently completed. Approximately 135 acres of land has been developed into a rail yard owned by Rail Logix AmeriPort, LLC.

There are approximately 265 acres of land remaining to be developed with above-ground improvements (which includes 205 acres which have utilities available and 60 acres which do not have utilities available), approximately 135 acres of rail yard owned by Rail Logix AmeriPort, LLC, and 164 acres of land that are undevelopable, which includes detention ponds, pipelines, roads and a lift station site.

## THE DEVELOPER

In general, the activities of a landowner or developer in an improvement district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is generally required by the Commission to advance funds to pave streets (in areas where District facilities are being financed with bonds) and finance the construction of the water, wastewater and storm drainage facilities, such advances to be reimbursed (except for paving costs) from the sale of district bonds to the extent allowed by the Commission, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

The principal developer of land in the District is AmeriPort, LLC, a Texas limited liability company (the "Developer"). Michael J. Plank is the Managing Member/President of AmeriPort, LLC. The Developer is a land holding company which is financing the construction of the water, sanitary sewer, drainage and road improvements to serve AmeriPort Industrial Park. National Property Holdings LP, a Texas limited partnership and affiliate of the Developer manages the development for the Developer. Michael J. Plank is also the President and CEO of National Property Holdings LP.

The Developer owns an additional approximately 265 acres of undeveloped land in the District.

The following single purpose Delaware limited liability companies have been formed to construct and own each of the thirteen AmeriPort Buildings, AmeriPort Building 1 LLC, AmeriPort Building 2 LLC, AmeriPort Building 3 LLC, AmeriPort Building 4 LP AmeriPort Building 5 LLC, AmeriPort Building 6 LLC, AmeriPort Building 7 LLC, AmeriPort Building 8 LLC, AmeriPort Building 9 LLC, AmeriPort Building 10 LLC, AmeriPort Building 11 LLC, AmeriPort Building 12 LLC, AmeriPort Building 14 LLC and Rail Logix AmeriPort LLC, each of which is a Texas limited liability company. Each limited liability company has the same Managing Member/President as the Developer. Michael J. Plank is the Managing Member/President. Ameriport Building 4, LP is a Delaware limited partnership, managed by Ameriport Building 4, GP, LLC, a Delaware LLC, its General Partner of which Michael J. Plank is the Managing Member/President.

The Developer has no legal commitment to the District or the Registered Owners or Beneficial Owners of the Bonds to continue development of land within the District, and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Neither the Developer nor any affiliate of the Developer, if any, is obligated to pay principal of or interest on the Bonds. Furthermore, the Developer has no binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

## MANAGEMENT

### Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms in May of even numbered years only. None of the members of the Board resides in the District; however, all of the members own land within the District, subject to a note and deed of trust in favor of the Developer. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Patsy T. Waldrop	President	May 2022
Stephen H. Olson	Vice President	May 2022
Adrian B. Combs	Secretary	May 2024
David King	Assistant Secretary	May 2024
Tommy Bryant	Assistant Secretary	May 2022



The District has no full-time employees but instead contracts with the entities described below for professional services:

**Tax Assessor/Collector**

Land and improvements in the District are being appraised for taxation by the Chambers County Appraisal District. The District contracts with Utility Tax Service, LLC to act as Tax Assessor/Collector for the District.

**System Operator**

The District has engaged Municipal District Services, LLC to operate and maintain the District's system.

**Bookkeeper**

The District contracts with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services for the District.

**Engineer**

Ward, Getz & Associates, PLLC (the "Engineer") provides consulting engineering services to the District.

**Auditor**

The District's financial statements for the year ended June 30, 2019, were audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's June 30, 2019, audited financial statements.

**Bond Counsel and General Counsel**

Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

**Disclosure Counsel**

McCall, Parkhurst & Horton L.L.P, Houston, Texas ("Disclosure Counsel") has been engaged by the District to serve as disclosure counsel. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

**Financial Advisor**

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon the sale and delivery of the Bonds.

**THE ROADS**

A portion of the Outstanding Bonds have been issued to finance the road system (the "Roads") which serves the property owners of the District by providing collector roads and portions of major thoroughfares within the District and the surrounding area. Ameriport Parkway functions as a major thoroughfare by conveying travelers to FM 565 and to Texas 99 (Grand Parkway). Transport Drive and Delta Parkway serve as collector roads by conveying travelers to Ameriport Parkway. Upon completion, the Roads are owned, operated and maintained by the District.

## **THE SYSTEM**

### **Regulation**

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

### **Water Distribution and Sanitary Sewer Collection and Drainage System**

The District's System includes water, sanitary sewer and drainage facilities to serve the land described under the section "THE DISTRICT—Development".

### **Water Supply**

The Baytown Area Water Authority ("BAWA") was created in 1973 to serve the Baytown area with a stable and reliable source of treated surface water and to reduce the area's reliance on groundwater. BAWA provides the City with its entire domestic and commercial supply of water. The water treated by BAWA originates from the Trinity River and is conveyed to BAWA via the Coastal Water Authority ("CWA") canal system. BAWA's Trinity River water conveyance system is operated under a contract with the City of Houston.

Pursuant to a Water Supply and Waste Disposal Agreement between the City and the District (the "Agreement") dated July 24, 2015 (with a term of 25 years), the City agreed to provide to the District water supply in average daily flow of 87,540 gallons per day ("gpd") in the first two years of the Agreement, 138,540 gpd in years three and four, 192,540 gpd in years five and six and up to 245,900 gpd thereafter.

The City currently provides the District up to 138,540 gpd of water, which is sufficient to serve 385 equivalent single family connections ("esfcs"). The District is currently serving 309 esfcs with water supply. The District is serving the Hunting Energy Services building and AmeriPort Buildings 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, HMT and Flexsteel. The District bills the customers that it is serving pursuant to its Rate Order.

There are also 17 esfcs that were in existence prior to connection to the City's water system which are served by private water wells. The building served by private water well is Taylor Wharton with plans to connect to the District's water supply in the near future.

### **Wastewater Treatment Facilities**

Wastewater treatment for the District is provided by the City's FM565 Wastewater Facility. Pursuant to the Agreement, the City has agreed to provide the District up to 300 gallons per minute of wastewater capacity or 432,000 gpd, which is sufficient to serve 1,440 esfcs. The District is currently serving 309 esfcs wastewater connections.

There are also 17 esfcs that were in existence prior to connection to the City's wastewater system which are served by private septic systems. The building served by private septic system is Taylor Wharton. It is anticipated that these connections will connect to the District's wastewater system in the near future.

### **Storm Water Drainage Facilities**

The District is in the Cedar Bayou watershed. The majority of the District area drains into drainage channels that run through the District. Water from developed areas is collected by roadside ditches which drain into the drainage channels that run through the District and eventually to detention facilities which drain to channels located outside of the District and ultimately drain to Trinity Bay.

**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, improvements 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 improvements built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer approximately 310 acres of land within the District are located within the 100-year floodplain. Developments within the District have been filled to above the 100-year floodplain. Applications for Letters of Map Revision to remove these sites from the official floodplain have been or will be submitted to FEMA. 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—Recent Tropical Weather Events; Hurricane Harvey.”

**Use and Distribution of Bond Proceeds**

Proceeds from the Bonds will be used to reimburse the Developer (hereinafter defined) for: (1) drainage improvements; (2) construction and engineering of waterline extensions; (3) construction and engineering for AmeriPort West water, wastewater and storm improvements ; (4) excavation of FM 565 Roadside Ditch; (5) construction and excavation of Detention Ponds 5, 6 and 7; (6) pipeline relocations; and (7) City of Baytown Impact Fees. Bond proceeds will also be used to pay certain costs associated with the issuance of the Bonds.

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the Commission where required.

**I. CONSTRUCTION COSTS**

• Construction Costs (including engineering and impact fees).....	\$ 5,117,074
<b>Total Construction Costs.....</b>	<b>\$ 5,117,074</b>

**II. NON-CONSTRUCTION COSTS**

• Underwriter’s Discount.....	\$ 62,939
• Developer Interest.....	367,721
• Contingency (a).....	118,561
<b>Total Non-Construction Costs.....</b>	<b>\$ 549,221</b>

**III. ISSUANCE COSTS AND FEES**

• Issuance Costs and Professional Fees.....	\$ 309,905
• Bond Application Report Costs.....	52,625
• State Regulatory Fees.....	21,175
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 383,705</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 6,050,000</b>

(a) Represents surplus funds resulting from the sale of the Bonds at a lower underwriter’s discount than estimated and can be used for purposes allowed and approved by the Commission.

In the instance that Commission approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the Commission. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

**Future Debt**

With the consent of the District, the Developer has financed the design and construction of water, sanitary sewer and drainage facilities, road facilities as well as other related detention and District facilities to serve the AmeriPort Industrial Park. According to the District Engineer, after reimbursement with the proceeds of the Bonds, the costs of such facilities that will not have been previously reimbursed will be approximately \$4,645,000. It is anticipated that additional bonds will be issued in the future to pay such entities for the foregoing and to serve the undeveloped acreage within the District as well as for additionally required wastewater treatment plant capacity and/or water plant capacity, if any. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds should be adequate, under present land use projections, to finance such improvements.

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## WATER AND SEWER OPERATIONS

### General

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

### Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the fiscal years ended June 30, 2016 through June 30, 2019 and an unaudited summary for the period ended May 31, 2020, prepared by the Bookkeeper. Reference is made to such records and statements for further and more complete information.

	7/1/2019 to 5/31/2020 (a)	Fiscal Year Ended June 30			
		2019	2018	2017	2016
<b>Revenues</b>					
Property Taxes	\$1,516,797	\$ 936,006	\$ 1,101,601	\$ 804,242	\$ 1,118,468
Water Revenue	180,382	179,026	71,218	71,339	23,524
Tap Connection and Inspection Fees	145,903	281,063	62,849	200,951	226,372
Sewer - Customer Service Fee	123,164	129,371	60,886	41,337	15,379
Penalty and Interest	4,270	2,687	3,765	464	1,650
Investment Revenues	34,348	24,581	11,455	1,957	1,781
Miscellaneous	118	34	44,307	2,139	1,700
<b>Total Revenues</b>	<b>\$2,004,981</b>	<b>\$1,552,768</b>	<b>\$ 1,356,081</b>	<b>\$ 1,122,429</b>	<b>\$ 1,388,874</b>
<b>Expenditures</b>					
Professional Fees	\$ 182,537	\$ 277,519	\$ 298,571	\$ 197,182	\$ 176,523
Purchased Services	368,896	367,221	215,413	132,863	102,872
Maintenance and Repairs	235,412	352,286	201,434	83,496	32,813
Utilities	11,068	4,650	3,377	1,442	454
Contracted Services	201,542	249,016	167,484	195,897	294,628
Administrative	20,847	21,658	20,920	16,168	23,618
Other Expenditures	21,235	15,871	13,695	12,620	10,546
Capital Outlay (b)	-	-	358,898	333,303	1,689,238
Economic Development	15,000	15,000	15,000	-	-
Developer Interest (b)	-	-	-	-	151,849
<b>Total Expenditures</b>	<b>\$1,056,539</b>	<b>\$1,303,221</b>	<b>\$ 1,294,792</b>	<b>\$ 972,971</b>	<b>\$ 2,482,541</b>
<b>Net Revenues</b>	<b>\$ 948,442</b>	<b>\$ 249,548</b>	<b>\$ 61,289</b>	<b>\$ 149,458</b>	<b>\$(1,093,667)</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$1,407,335</b>	<b>\$ 974,623</b>	<b>\$ 509,726</b>	<b>\$ 49,576</b>	<b>\$ 1,143,243</b>
<b>Other Sources of Funds</b>					
Repayment of developer advances (c)	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In (Out)	-	183,165	403,608	40,392	-
Developer Operating Advances (c)	-	-	-	270,300	-
<b>Fund Balance (End of Year)</b>	<b>\$2,355,777</b>	<b>\$1,407,335</b>	<b>\$ 974,623</b>	<b>\$ 509,726</b>	<b>\$ 49,576</b>

(a) Unaudited. Prepared by the District's Bookkeeper.

(b) Capital outlay in 2016 was to reimburse the Developer for various construction projects funded by the Developer and developer interest was also paid on such projects. Capital outlay in 2017 was for engineering for several capital projects.

(c) The District has paid for engineering fees related to construction projects from the Operating Account and the Developer has advanced the funds to match those payments.

## FINANCIAL STATEMENT

2019 Certified Taxable Assessed Valuation .....	\$457,214,907	(a)
2020 Preliminary Taxable Assessed Valuation .....	\$479,127,459	(b)
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	\$480,427,459	(c)

Gross Direct Debt Outstanding .....	\$29,235,000	(d)
Estimated Overlapping Debt .....	<u>20,668,673</u>	
Total Gross Direct Debt and Estimated Overlapping Debt .....	\$49,903,673	

Ratios of Gross Direct Debt to:

2019 Certified Taxable Assessed Valuation .....	6.39%
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	6.09%

Ratios of Gross Direct and Estimated Overlapping Debt to:

2019 Certified Taxable Assessed Valuation .....	10.91%
Estimated Taxable Assessed Valuation as of May 15, 2020 .....	10.39%

- (a) As certified by the Chambers County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."  
 (b) Provided by the Appraisal District as a preliminary indication of the 2020 taxable assessed value. Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."  
 (c) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on May 15, 2020. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."  
 (d) After giving effect to issuance of the Bonds. See "FINANCIAL STATEMENT — Outstanding Bonds."

### Cash and Investment Balances (unaudited as of May 13, 2020)

Capital Projects	Cash and Temporary Investments	\$153,266
Operating Fund	Cash and Temporary Investments	\$2,350,224
Water, Sewer and Drainage Bond Fund	Cash and Temporary Investments	\$1,655,256 (a)
Road Bond Funds	Cash and Temporary Investments	\$868,852 (a)

- (a) Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer, and drainage facilities or to refund such bonds ("WSD Bonds") and bonds issued for the purpose of financing road facilities or to refund such bonds ("Road Bonds"), and deposited into separate sub-accounts within the District's Bond Fund. Accrued interest on the Bonds from their dated date to the date of delivery and four (4) months interest on the Bonds capitalized from proceeds of the issue will be deposited into the WSD Bond sub-account within the District's Bond Fund. See "THE BONDS-Funds." Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Bond Fund.

### District Investment Policy

The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

### Outstanding Bonds (as of June 1, 2020)

Series	Original Principal Amount	Outstanding Bonds (as of 6/1/20)
2016	\$ 6,485,000	\$ 6,085,000
2017 (a)	7,800,000	7,500,000
2018	5,100,000	5,100,000
2019	4,500,000	4,500,000
Total	\$ 23,885,000	\$ 23,185,000

- (a) Unlimited Tax Road Bonds.

## ESTIMATED OVERLAPPING DEBT STATEMENT

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas or other publicly available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Bonds	As Of	Overlapping	
			Percent	Amount
Chambers County.....	\$ 51,335,000	4/30/2020	4.36%	\$ 2,238,206
Goose Creek CISD.....	564,166,000	4/30/2020	3.03%	17,094,230
Lee College.....	41,115,000	4/30/2020	3.25%	1,336,238
Total Estimated Overlapping Debt.....				\$ 20,668,673
The District.....	29,235,000 (a)		100%	29,235,000
Total Direct and Estimated Overlapping Debt.....				\$ 49,903,673

(a) Includes the Bonds and the Outstanding Bonds.

### Overlapping Taxes for 2019

	2019 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Chambers County.....	\$ 0.542
Goose Creek CISD.....	1.354
Lee College.....	0.230
Cedar Bayou Navigation District.....	0.030
Total Overlapping Tax Rate.....	\$ 2.156
The District.....	0.680
Total Tax Rate.....	\$ 2.836

## TAX DATA

### Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of April 30, 2019 (a)	
				Amount	Percent
2015	\$ 187,820,928	\$ 0.60	\$ 1,126,926	\$ 1,126,926	100.00%
2016	211,191,326	0.60	1,267,148	1,267,148	100.00%
2017	285,824,878	0.65	1,857,862	1,857,862	100.00%
2018	333,098,554	0.65	2,165,141	2,165,141	100.00%
2019	457,214,907	0.68	3,109,061	3,080,817	99.09%

(a) Unaudited.

Taxes are due upon receipt of bill therefor and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. No split payments are allowed and no discounts are allowed.

### Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	\$0.3500	\$0.4075	\$0.2600	\$0.1700	\$ -
Maintenance and Operations	0.3300	0.2425	0.3900	0.4300	0.6000
Total	\$0.6800	\$0.6500	\$0.6500	\$0.6000	\$0.6000

### Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).  
 Maintenance: \$1.50 per \$100 Assessed Valuation

### Debt Service Tax

The Board will covenant in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax which, when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on such debt. See "THE BONDS—Authority for Issuance."

### Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. On November 8, 2011, voters in the District authorized the Board to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 assessed valuation. 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 additional unlimited tax bonds which may be issued in the future. The District levied a maintenance tax for 2019 in the amount of \$0.33 per \$100 assessed valuation.



**Principal Taxpayers**

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the certified 2019 tax roll of \$457,214,907, which reflects ownership at January 1, 2019. Principal taxpayer lists related to the 2020 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjust prior to certification, and the Estimated Taxable Assessed Valuation as of May 15, 2020 are not available.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019 Certified Taxable Assessed Valuation</u>	<u>% of 2019 Certified Taxable Assessed Valuation</u>
Flexsteel Pipeline Technologies Inc (a)	Personal Property	\$ 53,607,881	11.72%
Hunting Energy Services	Land and Improvements	29,848,739	6.53%
Rubiales Consulting Inc (a)	Land and Improvements	22,624,964	4.95%
AmeriPort Building 6 LLC (b)	Land and Improvements	22,213,106	4.86%
Cummings Westlake LLC	Personal Property	21,910,239	4.79%
BASF Corporation	Personal Property	21,453,649	4.69%
The Dow Chemical Company	Personal Property	17,879,787	3.91%
AmeriPort Building 5 LLC (b)	Land and Improvements	13,520,000	2.96%
Taminco US LLC	Personal Property	13,321,910	2.91%
Ameriport Building 7 LLC (b)	Land and Improvements	13,000,000	2.84%
Total		\$ 229,380,275	50.17%

(a) Related entities.

(b) Related entities to the Developer.

**Summary of Assessed Valuation**

The following breakdown of the 2015 through 2019 Certified Taxable Assessed Valuation has been provided by the District's Tax Assessor/Collector based on information contained in the 2015 through 2019 certified tax rolls of the District. Differences in values from other information herein are due to differences in dates of information provided. Breakdowns of the 2020 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjust prior to certification, and the Estimated Taxable Assessed Valuation as of May 15, 2020 are not available.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 13,298,870	\$ 13,346,590	\$ 13,569,310	\$ 1,638,050	\$ 1,134,690
Improvements	129,742,542	131,865,666	130,543,998	89,091,294	55,467,246
Personal Property	316,822,375	198,671,076	143,022,709	120,791,942	131,492,822
Less: Exemptions	(2,648,880)	(10,784,778)	(1,311,139)	(329,960)	(273,830)
Total Assessed Valuation	<u>\$ 457,214,907</u>	<u>\$ 333,098,554</u>	<u>\$ 285,824,878</u>	<u>\$ 211,191,326</u>	<u>\$ 187,820,928</u>

**Tax Adequacy for Debt Service**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2019 Certified Taxable Assessed Valuation, which is subject to review, protest and downward revision prior to certification, and the Estimated Taxable Assessed Valuation as of May 15, 2020 and no use of bond funds on hand, and utilize tax rates necessary to pay the District's maximum and average annual debt service requirement. See "RISK FACTORS—Factors Affecting Taxable Values and Tax Payments."

Average Annual Debt Service Requirement (2020-2045).....	\$1,702,147
\$0.40 Tax Rate on 2019 Certified Taxable Assessed Valuation at 95% collections .....	\$1,737,417
\$0.38 Tax Rate on the Estimated Taxable Assessed Valuation as of May 15, 2020 at 95% collections.....	\$1,734,343

Maximum Annual Debt Service Requirement (2031).....	\$1,828,143
\$0.43 Tax Rate on 2019 Certified Taxable Assessed Valuation at 95% collections .....	\$1,867,723
\$0.41 Tax Rate on the Estimated Taxable Assessed Valuation as of May 15, 2020 at 95% collections.....	\$1,871,265

## **TAX PROCEDURES**

### **Property Tax Code and County-Wide Appraisal District**

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Chambers County Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Chambers County, including the District. Such appraisal values are subject to review and change by the Chambers County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Chambers County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2020 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or (ii) a first responder as defined under Texas law, 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.

A “Freeport Exemption” applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

### **General Residential Homestead Exemption**

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2020 tax year, the District has not granted a general residential homestead exemption.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by 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.

### **District and Taxpayer Remedies**

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

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See “Rollback of Operation and Maintenance Tax Rate” herein. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

### **Agricultural, Open Space, Timberland and Inventory Deferment**

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2019 no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

### **Tax Abatement**

The City of Baytown and Chambers County may designate all or part of the District as a reinvestment zone, and the District, Chambers County, and (if it were to annex the area) the City of Baytown, may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

### **Levy and Collection of Taxes**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also 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. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

### **Rollback of Operation and Maintenance Tax Rate**

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 are 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 certain special purpose districts, including the District, 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 “Low Tax Rate Districts.” 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.

#### Low Tax Rate Districts

Low Tax Rate Districts 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 Low Tax Rate District 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

#### Developing Districts

Districts that do not meet the classification of a Low Tax Rate District 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 Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors 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.

#### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See “ESTIMATED OVERLAPPING DEBT STATEMENT.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collection Limitations"

### DEBT SERVICE REQUIREMENTS

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

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2020	\$ 1,361,936		\$ 50,021	\$ 50,021	\$ 1,411,957
2021	1,409,486		150,063	150,063	1,559,549
2022	1,440,086	\$ 210,000	150,063	360,063	1,800,149
2023	1,442,266	210,000	145,863	355,863	1,798,129
2024	1,443,106	215,000	141,663	356,663	1,799,769
2025	1,442,676	230,000	137,363	367,363	1,810,039
2026	1,441,566	230,000	132,763	362,763	1,804,329
2027	1,444,466	240,000	128,163	368,163	1,812,629
2028	1,445,779	240,000	123,363	363,363	1,809,141
2029	1,440,554	250,000	118,563	368,563	1,809,116
2030	1,453,614	250,000	113,563	363,563	1,817,176
2031	1,469,893	250,000	108,250	358,250	1,828,143
2032	1,468,918	250,000	102,938	352,938	1,821,855
2033	1,466,300	250,000	97,313	347,313	1,813,613
2034	1,466,360	250,000	91,375	341,375	1,807,735
2035	1,459,716	250,000	85,125	335,125	1,794,841
2036	1,461,906	250,000	78,875	328,875	1,790,781
2037	1,477,569	250,000	72,313	322,313	1,799,881
2038	1,475,444	250,000	65,438	315,438	1,790,881
2039	1,471,491	275,000	58,563	333,563	1,805,054
2040	1,495,759	275,000	51,000	326,000	1,821,759
2041	1,492,323	275,000	42,750	317,750	1,810,073
2042	1,476,650	275,000	34,500	309,500	1,786,150
2043	1,438,438	275,000	26,250	301,250	1,739,688
2044	985,625	275,000	18,000	293,000	1,278,625
2045	-	325,000	9,750	334,750	334,750
<b>Total</b>	<b>\$ 35,871,926</b>	<b>\$ 6,050,000</b>	<b>\$ 2,333,883</b>	<b>\$ 8,383,883</b>	<b>\$ 44,255,810</b>

Maximum Annual Debt Service Requirement (2031) ..... \$1,828,143  
Average Annual Debt Service Requirements (2020-2045) ..... \$1,702,147

## LEGAL MATTERS

### Legal Opinions

The District will furnish 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 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds 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 and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

### Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT—General," and "—Management of the District - Bond Counsel and General Counsel," "TAX PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

### Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). 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.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

### **Qualified Tax-Exempt Obligations**

The District has **not** designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health-insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

### **State, Local and Foreign Taxes**

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

### **Tax Accounting Treatment of Original Issue Discount and Premium Bonds**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the “Original Issue Discount Bonds”). The difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See “Tax Exemption” herein for a discussion of certain collateral federal tax consequences.



In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

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.

## **REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS**

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## **NO MATERIAL ADVERSE CHANGE**

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

## **NO-LITIGATION CERTIFICATE**

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

## **MUNICIPAL BOND RATING**

Moody's Investors Service ("Moody's") has assigned a rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Underwriter.

There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## **SALE AND DISTRIBUTION OF THE BONDS**

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was rendered by Raymond James & Associates, Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page of this Official Statement, at a price of 98.9596% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.742151% as calculated pursuant to Chapter 1204, Texas Government Code (the "IBA" method).

The delivery of the Bonds is conditional upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. 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 Initial Purchaser or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and the 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 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-allocate 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 a secondary market, the difference between the bid and asked price of municipal 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, which are more generally bought, sold or traded in the secondary market.

## **PREPARATION OF OFFICIAL STATEMENT**

### **Sources and Compilation of Information**

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

## **Financial Advisor**

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

“THE DISTRICT”—Ward, Getz & Associates, PLLC; “THE DEVELOPER”—AmeriPort, LLC,” “TAX PROCEDURES”—Utility Tax Service, LLC and Schwartz, Page & Harding, L.L.P.; “THE SYSTEM” and “THE ROADS”—Ward, Getz & Associates, PLLC; “THE BONDS” and “LEGAL MATTERS”—Schwartz, Page & Harding, L.L.P.; “FINANCIAL STATEMENT” and “TAX DATA”—Chambers County Appraisal District, Utility Tax Service, LLC and the Municipal Advisory Council of Texas.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

## **Consultants**

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled “THE DISTRICT,” “THE SYSTEM” (as it relates to District facilities) and “THE ROADS” has been provided by Ward, Getz & Associates, PLLC and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Tax Assessor Collector: The information contained in this Official Statement relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided Utility Tax Service, LLC, and is included herein in reliance upon Utility Tax Service, LLC as an expert in collecting taxes.

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in “GENERAL FUND OPERATIONS” has been provided by Municipal Accounts & Consulting L.P., and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Auditor: The District’s financial statements for the year ended June 30, 2019, were audited by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District’s June 30, 2019 audited financial statements.

## **UPDATING OF OFFICIAL STATEMENT**

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the “end of the underwriting period,” (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the “SEC”)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

## **CERTIFICATION OF OFFICIAL STATEMENT**

The District, acting through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM (number of connections)," "WATER AND SEWER OPERATIONS," "FINANCIAL STATEMENT," "DEBT SERVICE REQUIREMENTS," "TAX DATA" and "APPENDIX A" (District Audited Financial Statements and Supplemental Schedules). The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2020. Any financial statements concerning the District so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not completed within such period, then the District shall provide unaudited financial statements for the applicable entity and fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District 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 will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become 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 the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

### **Specified Event Notices**

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

Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

#### **Availability of Information from the MSRB**

The District has agreed to provide the foregoing information only to the MSRB. Investors can access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

#### **Limitations and Amendments**

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of SEC Rule 15c2-12 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 a 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 SEC Rule 15c2-12 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 reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

#### **Compliance With Prior Undertakings**

Since the issuance of its first series of bonds in 2016, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

### **MISCELLANEOUS**

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

This Official Statement was approved by the Board of Directors of Chambers County Improvement District No. 2, as of the date shown on the cover page.

/s/ Patsy T. Waldrop  
President, Board of Directors  
Chambers County Improvement District No. 2

ATTEST:

/s/ Adrian B. Combs  
Secretary, Board of Directors  
Chambers County Improvement District No. 2

**AERIAL PHOTO**

(Approximate boundaries as of April, 2020)

## **PHOTOGRAPHS**

The following photographs were taken in the District in April, 2020 solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if additional improvements will be constructed in the future.

## **APPENDIX A**

### **District Audited Financial Statements for the fiscal year ended June 30, 2019**

The information contained in this appendix includes the Independent Auditor's Report and Financial Statements of Chambers County Improvement District No. 2 and certain supplemental information for the fiscal year ended June 30, 2019.