

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 24, 2020

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

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT AND UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX SUBJECT TO THE MATTERS DESCRIBED UNDER “LEGAL MATTERS – TAX EXEMPTION” HEREIN, WHICH INCLUDES A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE – Book Entry Only

Underlying Rating: Moody’s “A3”
See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE” herein.

\$2,400,000*
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 134C
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2020

Dated: March 1, 2020

Due: March 1, as shown below

The bonds described above (the “Bonds”) are obligations solely of Fort Bend County Municipal Utility District No. 134C (the “District”) and are not obligations of the State of Texas, Fort Bend County, the City of Houston or any entity other than the District. Principal of the Bonds is payable at maturity at the principal payment office of the paying agent/registrars, initially The Bank of New York Mellon Trust Co., N.A., Dallas, Texas (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from March 1, 2020, and is payable each September 1 and March 1, commencing September 1, 2020, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

Due (March 1)	Principal* Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (March 1)	Principal* Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2021	\$ 100,000				2030	\$ 135,000	(c)		
2022	100,000				2031	140,000	(c)		
2023	105,000				2032	140,000	(c)		
2024	110,000				2033	150,000	(c)		
2025	110,000				2034	150,000	(c)		
2026	115,000				2035	160,000	(c)		
2027	120,000	(c)			2036	160,000	(c)		
2028	125,000	(c)			2037	170,000	(c)		
2029	135,000	(c)			2038	175,000	(c)		

- (a) Initial yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from March 1, 2020 to the date fixed for delivery is to be added to the price.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (c) Bonds maturing on or after March 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 March 1, 2026, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. Bond purchasers are encouraged to read this OFFICIAL STATEMENT prior to making an investment decision. The proceeds of the Bonds will be applied to refund certain outstanding bonds of the District and to pay certain costs in connection with the issuance of the Bonds in order to achieve gross and net present value savings. See “PLAN OF FINANCING.”

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Bond Counsel. Certain other legal matters will be passed upon, on behalf of the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas. Delivery of the Bonds in book entry form through the facilities of the DTC is expected on or about March 30, 2020.

BAIRD

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

TABLE OF CONTENTS

MATURITY SCHEDULE.....	1	TAX DATA.....	28
USE OF INFORMATION IN OFFICIAL STATEMENT	3	Debt Service Tax.....	28
SALE AND DISTRIBUTION OF THE BONDS	4	Maintenance Tax.....	28
The Underwriter.....	4	Tax Rate Distribution.....	28
Prices and Marketability.....	4	Additional Penalties.....	28
Securities Laws.....	4	Historical Tax Collections.....	28
OFFICIAL STATEMENT SUMMARY	5	Tax Roll Information.....	29
SELECTED FINANCIAL INFORMATION		Principal Taxpayers.....	29
CONCERNING THE DISTRICT (UNAUDITED).....	8	Tax Adequacy for Debt Service.....	30
PLAN OF FINANCING	9	TAXING PROCEDURES.....	30
Purpose.....	9	Authority to Levy Taxes.....	30
Outstanding Bonds.....	10	Property Tax Code and County-Wide Appraisal District.....	30
Refunded Bonds.....	11	Property Subject to Taxation by the District.....	30
Defeasance of Refunded Bonds.....	11	Tax Abatement.....	31
Sources and Uses of Funds.....	12	Valuation of Property for Taxation.....	31
Debt Service Requirements.....	12	District and Taxpayer Remedies.....	32
THE BONDS	13	Levy and Collection of Taxes.....	32
Description.....	13	Rollback of Operation and Maintenance Tax Rate.....	33
Method of Payment of Principal and Interest.....	13	District’s Rights in the Event of Tax Delinquencies.....	34
Source of Payment.....	13	The Effect of FIRREA on Tax Collections of the District.....	34
Funds.....	13	INVESTMENT CONSIDERATIONS	34
Redemption Provisions.....	13	General.....	34
Authority for Issuance.....	14	Recent Extreme Weather Events; Hurricane Harvey.....	34
Registration and Transfer.....	14	Specific Flood Type Risks.....	35
Replacement of Paying Agent/Registrar.....	15	Atlas 14.....	35
Lost, Stolen or Destroyed Bonds.....	15	Tax Collections Limitations and Foreclosure Remedies.....	35
Issuance of Additional Debt.....	15	Registered Owners’ Remedies and Bankruptcy	
Annexation by the City of Houston.....	15	Limitations.....	36
Strategic Partnership Agreement.....	16	Future Debt.....	36
Consolidation.....	16	Environmental Regulations.....	37
Remedies in Event of Default.....	16	Marketability of the Bonds.....	39
Legal Investment and Eligibility to Secure Public		Continuing Compliance with Certain Covenants.....	39
Funds in Texas.....	16	Risk Factors Related to the Purchase of Municipal Bond	
Defeasance.....	17	Insurance.....	39
BOOK-ENTRY-ONLY SYSTEM	17	Future and Proposed Legislation.....	40
ALIANA.....	19	MUNICIPAL BOND RATING AND MUNICIPAL	
General.....	19	BOND INSURANCE	40
THE DISTRICT	19	VERIFICATION OF MATHEMATICAL	
General.....	19	CALCULATIONS	40
Location.....	19	LEGAL MATTERS.....	40
Land Use.....	20	Legal Opinions.....	40
Status of Development.....	20	No Material Adverse Change.....	41
THE DEVELOPER.....	21	No-Litigation Certificate.....	41
MANAGEMENT OF THE DISTRICT	21	Qualified Tax-Exempt Obligations.....	41
Board of Directors.....	21	Tax Exemption.....	41
District Consultants.....	21	Tax Accounting Treatment of Discount and Premium on	
PARK SYSTEM	22	Certain Bonds.....	42
ROAD SYSTEM.....	22	PREPARATION OF OFFICIAL STATEMENT.....	42
WATER, WASTEWATER AND DRAINAGE	22	Sources and Compilation of Information.....	42
Master District.....	22	Financial Advisor.....	43
Water Supply.....	22	Consultants.....	43
Wastewater Treatment.....	23	Updating the Official Statement.....	43
Water Distribution, Wastewater Collection and Storm		Certification of Official Statement.....	43
Drainage Facilities.....	23	CONTINUING DISCLOSURE OF INFORMATION	44
Flood Protection.....	23	Annual Reports.....	44
Subsidence and Conversion to Surface Water Supply.....	23	Specified Event Notices.....	44
Regulation.....	24	Availability of Information from MSRB.....	44
Water and Wastewater Operations.....	25	Limitations and Amendments.....	45
FINANCIAL INFORMATION CONCERNING THE		Compliance With Prior Undertakings.....	45
DISTRICT (UNAUDITED).....	26	MISCELLANEOUS	45
Investments of the District.....	26	APPENDIX A—Independent Auditor’s Report and Financial	
Estimated Overlapping Debt.....	27	Statements of the District for the year ended	
Overlapping Taxes.....	27	May 31, 2019	

USE OF INFORMATION IN OFFICIAL STATEMENT

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

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or 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 Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas, 77046 upon payment of the costs of duplication therefor.

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by Robert W. Baird & Co. (the “Underwriter”) pursuant to a bond purchase agreement with the District (the “Bond Purchase Agreement”) at a price of \$_____ (representing the par amount of the Bonds of \$_____, plus/minus a net premium/discount on the Bonds of \$_____, less an Underwriter’s discount of \$_____) plus accrued interest. The Underwriter’s obligation is to purchase all of the Bonds, if any are purchased. See “PLAN OF FINANCING—Sources and Uses of Funds.”

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market 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 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 municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which 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.

HURRICANE HARVEY

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

Impact on District... 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 Inframark Water and Infrastructure Service (the “Operator”) and LJA Engineering, Inc. (the “Engineer”), the District’s water and wastewater system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District did not receive reports that any homes or businesses within the District experienced structural flooding or other material 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 “INVESTMENT CONSIDERATIONS—Extreme Weather Events; Hurricane Harvey.”

THE DISTRICT

Description... The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134 and Redefining Boundaries, dated August 10, 2007 (the “Order Dividing”), pursuant to Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, as amended by Senate Bill 1872, 79th Legislature, Regular Session, 2005, and Senate Bill 1823, 83rd Legislature, Regular Session, 2013 (collectively, the “Act”). The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, the Act, and Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 878 acres of land. See “THE DISTRICT.”

Location... The District is located in Fort Bend County, approximately 28 miles southwest of the central downtown business district of the City of Houston and entirely within the extraterritorial jurisdiction of the City of Houston. The District is generally bounded by Texas State Highway 99 (Grand Parkway) on the west, Madden Road on the north, West Airport on the South and Farm-to-Market 1464 and Clodine Road on the east. See “THE DISTRICT.”

Aliana... The District is part of the approximately 2,000 acre master-planned community known as “Aliana.” Aliana is comprised of the District, Fort Bend County Municipal Utility District No. 134A (“MUD 134A” or the “Master District”) and Fort Bend County Municipal Utility District No. 134B (“MUD 134B”). The District, MUD 134A and MUD 134B are collectively referred to as the “Aliana Districts.” See “ALIANA.”

<i>The Developer...</i>	The developer of Aliana is AIRIA Development Company, a Texas corporation (the “Developer” or “AIRIA”). The Developer provides development services on behalf of Aliana Development Company, a Texas corporation (“ADC”) for the Aliana development. The Developer has completed its development activity within the District. See “THE DEVELOPER.”
<i>Status of Development...</i>	Approximately 564 acres in the District have been developed as 2,046 single-family residential lots. As of January 2020, the District consisted of 2,041 completed homes (2,038 were occupied), 4 vacant and developed lots and 1 home under construction or in a builder’s name. In addition, approximately 109 acres of commercial reserves in the District have been provided with utilities. Commercial improvements include a CVS Pharmacy on approximately 2 acres, and the Shops at Aliana on an approximately 2 acre tract which includes a Pepperoni’s Pizza, Subhlaxmi Grocers, a Tae Kwon Do studio, a hair salon, Mathnasium, Pilgrim Cleaners, West Oaks Urgent Care as well as a Montessori school located on 2 acres within the District. A Target with ancillary shopping center including a Marshall’s, Hobby Lobby, PetsMart, Old Navy, Mass Envy, Rack Room Shoes, GameStop, T-Mobile, GNC, Verizon, Great Clips, Carters/Oshkosh, Nails of America, Aisha’s Salon and Spa, and New Wink Lash has been constructed on approximately 31 acres. Approximately 4 acres has been developed as the Aliana Retail Center and contains a Raisin’ Cane’s, a Chili’s and a Taco Cabana. An HEB grocery store plus ancillary retail including a Starbucks and Regions Bank have been constructed on approximately 16 acres within the District. A Kiddie Academy has been constructed on approximately 2 acres. The Grand at Aliana shopping center, including Michaels, Petco, Ulta Beauty, Bath & Body Works, Five Below, Burlington Coat Factory and Ross, are currently under construction on approximately 18 acres within the District. In addition, approximately 9 acres have been developed as a school site where an elementary school is located (non-taxable) and approximately 196 acres are undevelopable (utility sites, recreation and easements). See “THE DISTRICT—Land Use—Status of Development.”
<i>Regional Facilities...</i>	The Master District has contracted with the Aliana Districts to provide water supply and wastewater treatment as well as regional water distribution, wastewater collection trunk lines and storm water collection trunk lines necessary to serve Aliana (collectively, the “Master District Facilities”). See “WATER, WASTEWATER AND DRAINAGE.”
<i>Payment Record...</i>	The District has previously issued \$61,945,000 principal amount of unlimited tax bonds in ten series, \$41,890,000 principal amount of unlimited tax road bonds in six series, \$11,665,000 principal amount of unlimited tax refunding bonds in two series, \$4,425,000 principal amount of unlimited tax road refunding bonds in one series and \$7,800,000 principal amount of unlimited tax park bonds in two series, of which \$96,005,000 in principal amount collectively remains outstanding (the “Outstanding Bonds”). The District has never defaulted on the payment of debt service on the Outstanding Bonds. See “PLAN OF FINANCING—Outstanding Bonds.”

THE BONDS

<i>Description...</i>	\$2,400,000* Unlimited Tax Road Refunding Bonds, Series 2020 (the “Bonds”) mature serially on March 1 in each of the years 2021 through 2038, both inclusive, in the principal amounts set forth on the cover page. Interest accrues from March 1, 2020, at the rates per annum set forth on the cover page hereof, and is payable September 1, 2020, and each March 1 and September 1 thereafter, until stated maturity or prior redemption. The Bonds will be issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board (the “Bond Order”), in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. See “THE BONDS—Description.”
<i>Book-Entry-Only...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK- ENTRY- ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after March 1, 2027 are subject to redemption at the option of the District prior to their maturity dates on March 1, 2026, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

*Preliminary, subject to change.

<i>Use of Proceeds...</i>	Proceeds from the sale of the Bonds, and lawfully available funds of the District, if any, will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund \$2,250,000* of the Outstanding Bonds in order to achieve net savings in the District's annual debt service expense. The bonds to be refunded and discharged with Bond proceeds are referred to herein as the "Refunded Bonds." After the issuance of the Bonds, \$93,755,000* principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "PLAN OF FINANCING."
<i>Authority for Issuance...</i>	The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, an election held within the District the City of Houston Ordinance No. 97-416, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS— Authority for Issuance."
<i>Source of Payment...</i>	Principal of and interest on the Bonds and the Remaining Outstanding Bonds are 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 within the District. The Bonds are obligations of the District and are not obligations of Fort Bend County, the State of Texas, the City of Houston, or any entity other than the District. See "THE BONDS—Source of Payment."
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	Moody's Investors Service ("Moody's") has assigned an underlying rating of "A3" to the District. The rating fee of Moody's will be paid for by the District; payment of any other rating fee will be the responsibility of the Underwriter. The use of insurance and the payment of an insurance premium will be available at the District's option and expense. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.
<i>Bond Counsel...</i>	Coats Rose, P.C., Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS" and "TAX MATTERS."
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas.
<i>Underwriter's Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Co., N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."
<i>Paying Agent/Registrar on Refunded Bonds...</i>	Wells Fargo Bank, N.A., Minneapolis, Minnesota. See "PLAN OF FINANCING—Defeasance of Refunded Bonds."
<i>Verification Agent...</i>	Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

*Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2019 Certified Taxable Assessed Valuation.....	\$815,822,069 (a)
Gross Direct Debt Outstanding	\$96,155,000* (b)
Estimated Overlapping Debt	<u>27,810,770 (c)</u>
Gross Direct Debt and Estimated Overlapping Debt.....	\$123,965,770*
Ratio of Gross Direct Debt to:	
2019 Certified Taxable Assessed Valuation.....	11.79%*
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2019 Certified Taxable Assessed Valuation.....	15.20%*
Debt Service Funds Available:	
Water, Wastewater, Drainage and Parks Debt Service Funds Available as of February 24, 2020	\$6,026,275 (d)
Road Debt Service Funds Available as of February 24, 2020	<u>3,608,464 (d) (e)</u>
Total Funds Available for Debt Service	\$9,634,739
Operating Funds Available as of February 24, 2020	\$9,735,009
Water, Wastewater and Drainage Capital Project Funds Available as of February 24, 2020	\$ 197,888
Road Project Funds Available as of February 24, 2020.....	\$1,015,126
Parks Capital Project Funds Available as of February 24, 2020.....	\$ 124,170
2019 Debt Service Tax Rate.....	\$0.91
2019 Maintenance Tax Rate.....	<u>0.37</u>
2019 Total Tax Rate.....	\$1.28
Average Annual Debt Service Requirement (2020-2040).....	\$6,164,703* (b)
Maximum Debt Service Requirement (2020)	\$7,628,646* (b)
Tax Rate Required to Pay Average Annual Debt Service (2020-2040) at a 95% Collection Rate:	
Based upon 2019 Certified Taxable Assessed Valuation	\$0.80*
Tax Rate Required to Pay Maximum Annual Debt Service (2020) at a 95% Collection Rate:	
Based upon 2019 Certified Taxable Assessed Valuation	\$0.99*
Status of Development as of January 2020 (f):	
Completed Homes (2,038 occupied).....	2,041
Homes Under Construction or in Builder's Name	1
Vacant Developed Lots.....	4
Commercial	<u>(f)</u>
Estimated Population	7,133 (g)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District").
- (b) After the issuance of the Bonds. See "PLAN OF FINANCING—Debt Service Requirements."
- (c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and—Overlapping Taxes."
- (d) Although all of the District's debt, including the Remaining Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, and a pro rata portion will be allocated to bonds sold for water, wastewater and drainage facilities and recreational facilities. See "PLAN OF FINANCING—Debt Service Requirements."
- (e) Approximately \$5,000* will be applied towards the issuance of the Bonds.
- (f) See "THE DISTRICT—Land Use" and "—Status of Development."
- (g) Based on 3.5 persons per occupied single-family residence.

* Preliminary subject to change.

PRELIMINARY OFFICIAL STATEMENT

\$2,400,000*

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 134C
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2020

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 134C (the “District”) of its \$2,400,000* Unlimited Tax Road Refunding Bonds, Series 2020 (the “Bonds”).

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, an election held within the District, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, City of Houston Ordinance No. 97-416, 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 development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Coats Rose, P.C. (“Bond Counsel”), 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 upon payment of the costs of duplication therefore.

PLAN OF FINANCING

Purpose

The District’s voters have authorized the issuance of \$87,750,000 principal amount of unlimited tax bonds for the purpose of financing road facilities and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds, \$183,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities, and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds, and \$38,500,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities, and could authorize additional amounts. Any additional bonds sold would be on a parity with the Bonds. The District currently has \$96,005,000 principal amount of bonds outstanding (the “Outstanding Bonds”).

The proceeds of the Bonds and available debt service funds, if any, will be used to currently refund and defease a portion of the District’s Unlimited Tax Road Bonds, Series 2012 in the principal amount of \$2,250,000* (the “Refunded Bonds”) in order to achieve a net savings in the District’s debt service expense. The proceeds will also be used to pay the costs of issuance of the Bonds. See “Sources and Uses of Funds” in this section. A total of \$93,755,000* in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the “Remaining Outstanding Bonds”).

*Preliminary, subject to change.

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the current amount of the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds*	Remaining Outstanding Bonds*
2010	\$ 5,300,000	\$ 185,000	\$ -	\$ 185,000
2011 (a)	5,015,000	155,000	-	155,000
2012	5,000,000	485,000	-	485,000
2012 (a)	2,660,000	2,325,000	2,250,000	75,000
2013	4,930,000	820,000	-	820,000
2013A	4,820,000	3,800,000	-	3,800,000
2014	6,500,000	5,130,000	-	5,130,000
2014 (a)	6,175,000	4,875,000	-	4,875,000
2014A	4,770,000	3,790,000	-	3,790,000
2015	10,990,000	9,225,000	-	9,225,000
2015 (a)	15,500,000	13,020,000	-	13,020,000
2016 (b)	4,425,000	4,235,000	-	4,235,000
2016	11,000,000	9,620,000	-	9,620,000
2016 (a)	5,735,000	5,015,000	-	5,015,000
2017 (c)	4,535,000	4,335,000	-	4,335,000
2017	2,200,000	2,000,000	-	2,000,000
2017A (d)	5,500,000	5,020,000	-	5,020,000
2017 (a)	6,805,000	6,495,000	-	6,495,000
2018	6,435,000	6,145,000	-	6,145,000
2018A (d)	2,300,000	2,200,000	-	2,200,000
2019 (c)	7,130,000	7,130,000	-	7,130,000
Total	\$ 127,725,000	\$ 96,005,000	\$ 2,250,000	\$ 93,755,000 *
The Bonds				2,400,000 *
The Bonds and Remaining Outstanding Bonds				\$ 96,155,000 *

- (a) Unlimited Tax Road Bonds.
(b) Unlimited Tax Road Refunding Bonds.
(c) Unlimited Tax Refunding Bonds.
(d) Unlimited Tax Park Bonds.

*Preliminary, subject to change.

Refunded Bonds

Proceeds of the Bonds, and lawfully available debt service funds of the District, if any, will be applied to currently refund the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

<u>Maturity Date</u> <u>September 1</u>	<u>Series</u> <u>2012*</u>
2021	\$ 80,000
2022	85,000
2023	90,000
2024	95,000
2025	95,000
2026	100,000
2027	105,000
2028	110,000
2029	120,000
2030	125,000
2031	130,000
2032	135,000
2033	145,000
2034	150,000
2035	160,000
2036	165,000
2037	175,000
2038	185,000
	<hr/>
	\$ 2,250,000

Redemption Date: April 3, 2020

The Refunded Bonds will be redeemed on the date shown above, the earliest redemption date allowable under the bond orders for the Refunded Bonds.

Defeasance of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with Wells Fargo Bank, N.A., as paying agent for the Refunded Bonds.

The Bond Order provides that from the proceeds of the sale of the Bonds and lawfully available debt service funds, if any, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Public Finance Partners LLC, will verify to the District, the Paying Agent for the Refunded Bonds, Bond Counsel, and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior order of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited in the Payment Account, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

*Preliminary, subject to change.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, together with lawfully available debt service funds, if any, will be applied as follows:

Sources of Funds:

Principal Amount of the Bonds	\$ _____
Plus/Less: Net Premium/Discount on the Bonds	_____
Plus: Debt Service Fund Contribution	_____
Total Sources of Funds	\$ _____

Uses of Funds:

Deposit to Payment Account	\$ _____
Issuance Expenses and Underwriter's Discount (a)	_____
Total Uses of Funds	\$ _____

(a) Includes municipal bond insurance premium.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds (\$2,250,000* principal amount), plus the estimated debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds*	Plus: Debt Service on the Bonds*			Total Debt Service Requirements
			Principal	Interest	Total	
2020	\$ 7,643,530.00	\$ 40,809.38		\$ 25,925.00	\$ 25,925.00	\$ 7,628,645.62
2021	7,542,670.00	161,618.76	\$ 100,000	50,850.00	150,850.00	7,531,901.24
2022	7,464,320.00	164,218.76	100,000	48,850.00	148,850.00	7,448,951.24
2023	7,372,700.00	166,668.76	105,000	46,800.00	151,800.00	7,357,831.24
2024	7,278,700.00	168,968.76	110,000	44,650.00	154,650.00	7,264,381.24
2025	7,165,025.00	166,118.76	110,000	42,450.00	152,450.00	7,151,356.24
2026	7,067,643.76	168,268.76	115,000	40,200.00	155,200.00	7,054,575.00
2027	6,963,043.76	170,268.76	120,000	37,850.00	157,850.00	6,950,625.00
2028	6,859,912.50	171,987.50	125,000	35,400.00	160,400.00	6,848,325.00
2029	6,741,825.00	178,550.00	135,000	32,800.00	167,800.00	6,731,075.00
2030	6,618,100.00	179,800.00	135,000	30,100.00	165,100.00	6,603,400.00
2031	6,490,525.00	179,800.00	140,000	27,350.00	167,350.00	6,478,075.00
2032	6,356,587.50	179,600.00	140,000	24,462.50	164,462.50	6,341,450.00
2033	6,229,812.50	184,200.00	150,000	21,287.50	171,287.50	6,216,900.00
2034	6,097,775.00	183,400.00	150,000	17,912.50	167,912.50	6,082,287.50
2035	5,566,475.00	187,400.00	160,000	14,325.00	174,325.00	5,553,400.00
2036	5,074,375.00	186,000.00	160,000	10,525.00	170,525.00	5,058,900.00
2037	4,931,675.00	189,400.00	170,000	6,500.00	176,500.00	4,918,775.00
2038	4,409,881.26	192,400.00	175,000	2,187.50	177,187.50	4,394,668.76
2039	2,973,900.00	-	-	-	-	2,973,900.00
2040	2,869,350.00	-	-	-	-	2,869,350.00
Total	\$ 129,717,826.28	\$ 3,219,478	\$ 2,400,000	\$ 560,425.00	\$ 2,960,425.00	\$ 129,458,773.08

Maximum Annual Debt Service Requirement (2020).....\$7,628,646*
 Average Annual Debt Service Requirements (2020-2040).....\$6,164,703*

*Preliminary, subject to change.

THE BONDS

Description

The Bonds will be dated and accrue interest from March 1, 2020, with interest payable each September 1 and March 1, beginning September 1, 2020 (the “Interest Payment Date”), and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

Funds

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

Accrued interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. Any monies remaining after the refunding of the Refunded Bonds and payment of issuance costs will be deposited into the Road Debt Service Fund.

The District also maintains a Water, Wastewater and Drainage and Park Debt Service Fund that is not pledged to the Road Bonds, including the Bonds. Funds in the Water, Wastewater and Drainage and Park Debt Service Fund are not available to pay principal and interest on the Remaining Outstanding Road Bonds or the Bonds, and funds in the Road Debt Service Fund are not available to pay principal and interest on the Outstanding Water, Wastewater and Drainage and Park Bonds.

Redemption Provisions

Bonds maturing on or after March 1, 2027 are subject to redemption at the option of the District prior to their maturity dates on March 1, 2026, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent Interest Payment Date to the date fixed for redemption.

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). If less than all the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the District prior to the redemption date by such random method as the District shall deem fair and appropriate (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Authority for Issuance

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, an election held within the District and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

The District's voters have authorized the issuance of \$87,750,000 principal amount of unlimited tax bonds for the purpose of financing road facilities and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds and could authorize additional amounts, \$183,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities, and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds, and \$38,500,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities.

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

Registration and Transfer

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

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

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the forty-five (45) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by 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 act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Lost, Stolen or Destroyed Bonds

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of \$183,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities, and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds, \$38,500,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities, \$87,750,000 principal amount of unlimited tax bonds for the purpose of financing road facilities and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds and could authorize additional amounts. Any additional bonds sold would be on a parity with the Bonds. Currently, the District has \$121,055,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities authorized but unissued, \$30,700,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities authorized but unissued, and \$45,860,000 principal amount of unlimited tax road bonds authorized but unissued.

The Bond Order does not impose a 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. See "INVESTMENT CONSIDERATIONS—Future Debt."

After approval by the District's voters, the City of Houston and the Texas Commission on Environmental Quality (the "TCEQ"), the District also has the power to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

The issuance of additional debt for any of the above described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"), the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Strategic Partnership Agreement

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which the services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were annexed for full or limited purposes by the City of Houston. The terms of any such agreement would be determined by the City of Houston and the District. Although the City of Houston has negotiated and entered into such an agreement with other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently is not contemplating consolidation.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

- “(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.”
- “(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.”

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) 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).

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

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

ALIANA

General

Aliana is an approximately 2,000 acre master-planned community located 28 miles southwest of downtown Houston, Texas. Aliana is generally bounded by Old Farm-to-Market 1464 and Clodine Road on the east, Madden Road on the north, the Grand Parkway (Texas State Highway 99) on the west and Owens Road on the south. Aliana is served by three (3) municipal utility districts: Fort Bend County Municipal Utility District Nos. 134A, 134B and the District (collectively, the “Aliana Districts”). Each of the Aliana Districts has the authority to provide water, wastewater, storm drainage and recreation facilities as well as the roads within its boundaries. Fort Bend County Municipal Utility District No. 134A acts as the “Master District” and has additional powers related to providing regional water and wastewater service to the Aliana Districts. To date approximately 3,474 single-family residential homes have been completed in Aliana and approximately 109 acres of commercial reserves have been developed with taxable improvements.

A portion of Aliana (approximately 334 acres, including approximately 153 acres in the District) is included within the boundaries of the Aliana Management District (the “Management District”), which has the authority to levy a sales tax not to exceed \$0.02 per \$1.00 of sales on retail sales occurring within its boundaries. The Management District is a municipal management district created by Chapter 3865, Texas Special District Local Laws Code. It is anticipated that the Management District will provide supplementary facilities and services to the commercial development within Aliana with the proceeds of the sales tax, assessments on the benefitted property or a supplementary ad valorem tax. The Management District also has the powers provided under Chapter 380, Texas Local Government Code to encourage economic development. See “THE DISTRICT—Status of Development-Commercial.”

THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134 and Redefining Boundaries, dated August 10, 2007 (the “Order Dividing”), pursuant to Chapter 1342, Acts of the 77th Legislature, Regular Session 2001, as amended by Senate Bill 1872, 79th Legislature, Regular Session 2005, and Senate Bill 1823, 83rd Legislature, Regular Session 2013 (collectively the “Act”). The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, the Act, and Chapters 49 and 54 of the Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and the construction of roads, among other things. The District may also provide solid waste collection and disposal service and purchase and operate park and recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District is subject to the continuing supervision of the TCEQ and is located exclusively within the extraterritorial jurisdiction of the City of Houston.

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in plats which have been approved by the City of Houston and filed in the real property records of Fort Bend County, Texas. The District is also required to obtain TCEQ approvals prior to acquiring, constructing and financing water, wastewater, drainage, recreation and fire-fighting facilities. See “WATER, WASTEWATER AND DRAINAGE—Regulation.”

Location

The District consists of approximately 878 acres of land. The District is located in Fort Bend County, entirely in the extraterritorial jurisdiction of the City of Houston. The District is located approximately 28 miles southwest of the central downtown business district of the City of Houston. The District is generally bounded by Texas State Highway 99 (Grand Parkway) on the west, Madden Road on the north, West Airport on the South and Old Farm-to-Market 1464 on the east.

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Aliana, Section Two.....	35	115
Aliana, Section Three.....	15	53
Aliana, Section Four.....	16	50
Aliana, Section Five.....	26	114
Aliana, Section Six.....	7	25
Aliana, Section Seven.....	31	108
Aliana, Section Eight.....	13	30
Aliana, Section Nine.....	16	48
Aliana, Section Ten.....	31	101
Aliana, Section Eleven.....	11	45
Aliana, Section Twelve.....	17	71
Aliana, Section Thirteen.....	13	62
Aliana, Section Fourteen.....	10	44
Aliana, Section Fifteen.....	13	31
Aliana, Section Sixteen.....	11	54
Aliana, Section Seventeen.....	21	61
Aliana, Section Eighteen.....	14	48
Aliana, Section Nineteen.....	11	46
Aliana, Section Twenty.....	14	43
Aliana, Section Twenty-One.....	11	45
Aliana, Section Twenty-Two.....	15	61
Aliana, Section Twenty-Three.....	20	73
Aliana, Section Twenty-Four.....	14	50
Aliana, Section Twenty-Five.....	17	64
Aliana, Section Twenty-Six.....	22	66
Aliana, Section Twenty-Seven.....	15	51
Aliana, Section Twenty-Eight.....	15	67
Aliana, Section Twenty-Nine.....	15	66
Aliana, Section Thirty-One.....	26	104
Aliana, Section Thirty-Two.....	20	88
Aliana, Section Thirty-Three.....	15	52
Aliana, Section Thirty-Nine.....	18	57
Aliana, Section Forty-Six.....	16	53
Subtotal.....	564	2,046
<u>Commercial Reserves</u>	109	---
<u>School Site</u>	9	---
<u>Undevelopable (a)</u>	196	---
	878	2,046

(a) Includes public rights-of-way, detention, open spaces, easements and utility sites.

Status of Development

Single Family Residential: Single-family residential development in the District currently includes 2,046 single-family residential lots on approximately 564 acres. As of January 2020, 2,041 homes were completed (2,038 were occupied), 4 developed lots were vacant and 1 home was under construction or in a builder’s name. Homes within the District range in price from approximately \$280,000 to \$800,000. The estimated population within the District is 7,133 based upon 3.5 persons per occupied single-family residence.

Commercial: Commercial development includes a CVS Pharmacy on approximately 2 acres, and the Shops at Aliana on an approximately 2 acre tract which includes a Pepperoni’s Pizza, Subhaxmi Grocers, a Tae Kwon Do studio, a hair salon, Mathnasium, Pilgrim Cleaners, West Oaks Urgent Care as well as a Montessori school located on 2 acres within the District. A Target with ancillary shopping center including a Marshall’s, Hobby Lobby, PetsMart, Old Navy, Mass Envy, Rack Room Shoes, GameStop, T-Mobile, GNC, Verizon, Great Clips, Carters/Oshkosh, Nails of America, Aisha’s Salon and Spa, and New Wink Lash has been constructed on approximately 31 acres. Approximately 4 acres has been developed as the Aliana Retail Center and contains a Raisin’ Cane’s, a Chili’s and a Taco Cabana. An HEB grocery store plus ancillary retail including a Starbucks and Regions Bank have been constructed on approximately 16 acres within the District. A Kiddie Academy has been construction on approximately 2 acres. The Grand at Aliana shopping center, including Michaels, Petco, Ulta Beauty, Bath & Body Works, Five Below, Burlington Coat Factory and Ross, are currently under construction on approximately 18 acres within the District.

Tax Exempt Property: Approximately 9 acres have been developed as a school site where an elementary school is located.

THE DEVELOPER

The developer of Aliana is AIRIA Development Company, a Texas corporation (the “Developer”). The Developer provides development services on behalf of Aliana Development Company, a Texas corporation (“ADC”) for the Aliana development. The Developer has completed its development activity within the District.

Neither the Developer, nor any affiliates of the Developer are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developer, nor any affiliates of the Developer have any legal commitment to the District or the owners of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developer is subject to change.

MANAGEMENT OF THE DISTRICT

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 and elections are held on the second Saturday of May of odd numbered years. Two of the Board members reside within the District; and the other three Board 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>District Board Title</u>	<u>Term Expires</u>
Theodore Reese	President	May 2021
Keith Faseler	Vice President	May 2023
Jamie Kastens	Assistant Vice President	May 2021
James (Ed) Highfill	Secretary	May 2023
Ira Domnitz	Assistant Secretary	May 2023

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel/Attorney: The District has engaged Coats Rose, P.C. as general counsel to the District and as Bond Counsel in connection with the issuance of the District’s bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

Financial Advisor: Masterson Advisors LLC serves as the District’s Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of May 31, 2019, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Engineer: The District's consulting engineer is LJA Engineering, Inc.

Tax Appraisal and Collections: The Fort Bend Central Appraisal District has the responsibility of appraising all property within the District. Taxes are collected by the Fort Bend County Tax Collector. See "TAXING PROCEDURES."

Bookkeeper: The District has contracted with L & S District Services (the "Bookkeeper") for bookkeeping services.

Operator: The operation and maintenance of the District's water and wastewater systems are overseen by Inframark.

PARK SYSTEM

The park system includes landscaping and recreational improvements to serve the Aliana subdivision. Proceeds from previously issued bonds were used to finance enhancements within the District's linear trail and park system, which is located along major thoroughfares surrounding and throughout the District, including the replacement of existing community perimeter fencing; installation of landscaping, trees, and benches; and any associated repairs required to existing sidewalks and irrigation during construction.

ROAD SYSTEM

The road system serves the residents of the District by providing access to major thoroughfares and collectors within Aliana and the surrounding area. The internal subdivision streets provide access to several collectors including East Aliana Trace, Binion Lane, Brannock Avenue, Abermore Lane and Westmoor Drive. These internal streets and collectors convey the residents of the District to the major thoroughfares of West Airport Boulevard and West Bellfort and ultimately to State Highway 99 (Grand Parkway) and Farm-to-Market 1464. All roads are maintained by Fort Bend County.

WATER, WASTEWATER AND DRAINAGE

Master District

As of November 14, 2007, the District entered in a regional contract (the "Contract") with MUD 134A. Under the terms of the Contract, MUD 134A serves as the "Master District" and provides or causes to be provided the regional water supply and delivery facilities, the regional waste collection, treatment and disposal facilities, and the regional drainage and detention facilities to serve the Aliana Districts. Under the terms of the Contract, the Master District charges the participants a monthly operational fee based on connections. The Master District also assesses a master district connection fee to the District to pay for its pro-rata share of regional capital projects. The Master District connection fee is \$11,803 per connection. The District has paid the Master District connection fee for 2,046 connections.

Water Supply

The North Fort Bend Water Authority (the "Authority") has constructed a water conveyance line running through the District. The Master District's primary source of water supply is surface water provided by the Authority. See "Subsidence and Conversion to Surface Water Supply" below. The Master District has entered into a "take-or-pay" contract with the Authority dated December 18, 2014 to be the primary source of water supply to the Master District. Under such agreement, the Master District is required to purchase a minimum of 713,000 gallons of water per day from the Authority. The Master District and the Authority will review the contract on an annual basis to adjust the minimum volume of water to be purchased.

The District's water supply is augmented by water supplied by the Master District's Water Plant Nos. 1 and 2 ("Water Plant Facilities"), which consists of a 2,500 gallon per minute ("gpm") water well capacity, 110,000 gallons of pressure tank capacity, 1,340,000 gallons of ground storage tank capacity and 121,000 gpm of booster pump capacity. The Master District is capable of serving 4,377 equivalent single-family connections ("ESFCs"). As of January 2020, the Master District was servicing approximately 3,911 active connections (including 3,474 which are active residential connections, 37 active commercial connections and 220 under construction or in a builder's name), 2,163 of which were located in the District (including 2,037 completed homes and 1 under construction or in a builder's name). The Master District has entered into an Emergency Interconnect Agreement with Kingsbridge MUD and Fort Bend County Fresh Water Supply District No. 2.

Wastewater Treatment

The District's wastewater is treated by the Master District's 600,000-gallon Wastewater Treatment Plant No. 1 ("WWTP No. 1") and the first phase of Wastewater Treatment Plant No. 2 which has a capacity of 360,000 gallons per day. As of January 2020, the Master District was servicing approximately 3,731 active connections (including 3,474 which are active residential connections, 37 active commercial connections and 220 under construction or in a builder's name), 2,067 of which were located in the District (including 2,037 completed homes and 1 under construction or in a builder's name). Currently, the Master District is utilizing approximately 695,000 gallons per day on average of the capacity in its wastewater treatment facilities.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 2,046 single family residential lots, a 9-acre school site and approximately 109 acres of commercial reserves.

Drainage

The drainage system within the District is based on curb and gutter streets with inlets that pick up the internal runoff from the developed subdivisions and parcels. These storm drainage systems in turn ultimately discharge into a string of interconnected excavated detention basins within the District. The District's drainage basins are sized to maintain predevelopment runoff conditions, as required by the Fort Bend County Drainage District, to prevent changes to the downstream conditions resulting from development. The District's drainage is contained within Oyster Creek watershed. The Oyster Creek watershed is located to the south of West Belfort Street and to the west of new Farm-to-Market 1464. The drainage runs from the north and east to the west and southwest by way of the internal detention/amenity lakes and ultimately discharges into Oyster Creek.

Flood Protection

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

Stormwater runoff from the District discharges into two watersheds, Red Gully and Oyster Creek. According to the Engineer, none of the land within the District is within the 100-year Flood Plain. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey."

Subsidence and Conversion to Surface Water Supply

The Aliana development is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the areas served by the Master District, including the District. In 2005, the Texas legislature created the North Fort Bend Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County (including the District) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority's GRP.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees imposed on the Master District for groundwater pumped by the Master District), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the Master District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the Master District and a rate per 1,000 gallons based on the amount of surface water purchased from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2014; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a disincentive fee penalty, currently \$6.50 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the Master District. If the Master District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the Master District.

Regulation

Construction and operation of the District's water, wastewater and drainage facilities as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Fort Bend County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's water, wastewater and storm drainage facilities.

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Water and Wastewater Operations

The Remaining Outstanding Bonds and the Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. However, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Remaining Outstanding Bonds and the Bonds, upon Board action. It is not anticipated that net revenues will be available to pay debt service on the Bonds or the Remaining Outstanding Bonds.

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statements for the years ended May 31, 2016 thru May 31, 2019, and an unaudited summary for the period ending December 31, 2019, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	6/1/2019 to 12/31/2019 (a)	Fiscal Year Ended May 31			
		2019	2018	2017	2016
Revenues					
Property Taxes	\$ 1,944,516	\$ 2,607,261	\$ 2,684,650	\$ 2,548,645	\$ 2,061,197
Water Service	448,659	666,781	695,378	657,487	660,264
Sewer Service	652,624	1,140,069	1,167,902	1,151,785	1,078,753
Surface Water Conversion	1,035,862	1,280,284	1,254,252	1,195,815	1,013,872
Tap Connection and Inspection Fees	27,222	120,813	85,590	400,361	409,755
Penalty and Interest	17,071	35,033	30,763	50,852	56,602
Other Income	38,782	32,953	53,325	675	1,891
Interest Income	41,937	127,579	24,743	6,299	6,160
Total Revenues	\$ 4,206,672	\$ 6,010,773	\$ 5,996,603	\$ 6,011,919	\$ 5,288,494
Expenditures					
Professional Fees	\$ 65,203	\$ 100,584	\$ 130,943	\$ 104,090	\$ 148,036
Purchased or Contracted Services	2,120,210	3,656,518	3,965,132	3,883,909	2,661,361
Tap Connections	15,666	35,499	41,073	105,005	168,890
Utilities	95,368	184,737	202,399	213,014	179,808
Repairs and Maintenance	65,340	150,914	95,383	135,407	282,343
Miscellaneous	26,678	127,930	58,084	84,476	179,628
Debt Issuance Cost		-	18,000	-	39,055
Capital Outlay	407,828	78,812	24,650	2,360,008	470,020
Total Expenditures	\$ 2,796,293	\$ 4,334,994	\$ 4,535,664	\$ 6,885,909	\$ 4,129,141
NET REVENUES	\$ 1,410,379	\$ 1,675,779	\$ 1,460,939	\$ (873,990)	\$ 1,159,353
Other Financing Sources (Uses)	\$ -	\$ 18,000	\$ 885,995	\$ 33,630	\$ 51,863
General Operating Fund Balance Beginning of the Year	\$ 7,747,320	\$ 6,053,541	\$ 3,706,607	\$ 4,546,967	\$ 3,335,751
End of the Year	\$ 9,157,699	\$ 7,747,320	\$ 6,053,541	\$ 3,706,607	\$ 4,546,967

(a) Unaudited. Provided by the Bookkeeper.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2019 Certified Taxable Assessed Valuation	\$815,822,069	(a)
Gross Direct Debt Outstanding	\$96,155,000*	(b)
Estimated Overlapping Debt	<u>27,810,770</u>	(c)
Gross Direct Debt and Estimated Overlapping Debt.....	\$123,965,770*	
Ratios of Gross Direct Debt to:		
2019 Certified Taxable Assessed Valuation.....		11.79%*
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2019 Certified Taxable Assessed Valuation.....		15.20%*
Debt Service Funds Available:		
Water, Wastewater, Drainage and Parks Debt Service Funds Available as of February 24, 2020	\$ 6,026,275	(d)
Road Debt Service Funds Available as of February 24, 2020	<u>3,608,464</u>	(d) (e)
Total Funds Available for Debt Service	\$ 9,634,739	
Operating Funds Available as of February 24, 2020	\$9,735,009	
Water, Wastewater and Drainage Capital Project Funds Available as of February 24, 2020.....	\$197,888	
Road Project Funds Available as of February 24, 2020	\$1,015,126	
Parks Capital Project Funds Available as of February 24, 2020	\$124,170	

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District").
- (b) After the issuance of the Bonds. See "PLAN OF FINANCING—Debt Service Requirements."
- (c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt—Overlapping Taxes."
- (d) Although all of the District's debt, including the Remaining Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, and a pro rata portion will be allocated to bonds sold for water, wastewater and drainage facilities and recreational facilities. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "PLAN OF FINANCING—Debt Service Requirements."
- (e) Approximately \$5,000* will be applied towards the issuance of the Bonds.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

*Preliminary, subject to change.

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 594,872,527	1/31/2020	1.15%	\$ 6,841,034
Fort Bend ISD.....	1,092,173,767	1/31/2020	1.92%	20,969,736
Total Estimated Overlapping Debt.....				\$ 27,810,770
The District's Total Direct Debt (a).....				96,155,000
Total Direct and Estimated Overlapping Debt.....				\$ 123,965,770
Direct and Estimated Overlapping Debt as a Percentage of:				
2019 Certified Taxable Assessed Valuation.....				15.20%

(a) After the issuance of the Bonds. See “PLAN OF FINANCING—Outstanding Bonds.”

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District’s tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see “Estimated Overlapping Debt” above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2019 tax year by all entities overlapping the District and of the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (Includes Drainage District).....	\$ 0.46000
Fort Bend ESD No. 5.....	0.10000
Fort Bend ISD.....	<u>1.27000</u>
Total Overlapping Tax Rate.....	\$ 1.83000
The District (a).....	<u>1.28000</u>
Total Tax Rate.....	\$ 3.11000

(a) See “TAX DATA—Debt Service Tax—Maintenance Tax.”

*Preliminary, subject to change.

TAX DATA

Debt Service Tax

The Board covenants 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 adequate to provide funds to pay the principal of and interest on the Bonds. See “Historical Tax Rate Distribution,” “Tax Roll Information” below, “TAXING PROCEDURES.”

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted November 6, 2007, and voters of the District authorized the Board, among other things, to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

Tax Rate Distribution

	2015	2016	2017	2018	2019
Debt Service	\$ 0.40	\$ 0.94	\$ 0.95	\$ 0.95	\$ 0.91
Maintenance and Operations	0.90	0.36	0.34	0.33	0.37
Total	\$ 1.30	\$ 1.30	\$ 1.29	\$ 1.28	\$ 1.28

Additional Penalties

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

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District’s Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. Information in this summary may differ slightly from the assessed valuations shown herein due to difference in dates of data. See “Tax Roll Information” below.

Tax Year	Certified	Tax Rate	Total Tax Levy(b)	Total Collections as of January 31, 2020	
	Taxable Assessed Valuation(a)			Amount	Percent
2014	\$ 326,935,382	\$ 1.350	\$ 4,413,628	\$ 4,413,628	100.00%
2015	518,196,229	1.300	6,736,551	6,736,551	100.00%
2016	689,225,051	1.300	8,959,926	8,959,403	99.99%
2017	760,603,247	1.290	9,811,782	9,791,109	99.79%
2018	794,516,460	1.280	10,169,811	10,142,401	99.73%
2019	815,822,069	1.280	10,442,522	(c)	(c)

(a) As certified by the Appraisal District.

(b) Represents the tax levy applied to the certified taxable assessed valuation.

(c) In process of collection. 2019 taxes are due by January 31, 2020.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2015 through 2019 Certified Taxable Assessed Valuation. See "TAXING PROCEDURES." Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Information in this summary may differ slightly from the assessed valuations shown herein due to difference in dates of data.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions(a)	Net Taxable Assessed Valuations
	Land	Improvements	Personal Property			
2015	\$ 125,087,488	\$ 419,120,258	\$ 1,358,590	\$ 545,566,336	\$(27,370,107)	\$ 518,196,229
2016	141,675,221	562,525,958	3,090,700	707,291,879	(18,066,828)	689,225,051
2017	149,280,851	637,257,448	8,778,040	795,316,339	(34,713,092)	760,603,247
2018	161,089,051	645,515,242	19,736,940	826,341,233	(31,824,773)	794,516,460
2019	171,523,167	654,134,660	23,249,130	848,906,957	(33,084,888)	815,822,069

(a) See "TAXING PROCEDURES—Property Subject to Taxation."

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property, and such property's taxable appraised value as a percentage of the 2019 Certified Taxable Assessed Valuation of \$815,822,069. This represents ownership as of January 1, 2019.

Taxpayer	2019 Certified Taxable Assessed Valuation	% of 2019 Certified Taxable Assessed Valuation
Market Center at Aliana LP	\$ 22,975,000	2.82%
Target Corporation	19,156,580	2.35%
HEB Grocery Company LP	18,834,440	2.31%
A-S 144 Grand Parkway-W Airport LP	12,524,050	1.54%
ADC (a)	4,363,200	0.53%
KM 1464 Partners LP	2,667,366	0.33%
Barzun LP	2,193,530	0.27%
Anna Buechler Investment Partnership	2,073,300	0.25%
Centerpoint Energy Electric	1,535,180	0.19%
Aartson Enterprises LLC	1,520,000	0.19%
Total	\$ 87,842,646	10.77%

(a) See "THE DEVELOPER."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District’s tax base occurred beyond the 2019 Certified Taxable Assessed Valuation of \$815,822,069. The calculations contained in the following table represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds, when due, assuming no further increase or any decrease in Taxable Assessed Values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See “PLAN OF FINANCE—Debt Service Requirements.”

Average Annual Debt Service Requirement (2020-2040)	\$6,164,703*
\$0.80* Tax Rate on the 2019 Certified Taxable Assessed Valuation.....	\$6,200,248*
Maximum Annual Debt Service Requirement (2020)	\$7,628,646*
\$0.99* Tax Rate on the 2019 Certified Taxable Assessed Valuation	\$7,672,807*

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS—Source of Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See “TAX DATA—Debt Service Tax” and “—Maintenance Tax.”

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For 2020, the Board applied a homestead exemption of \$20,000 for persons who are disabled or 65 years or older. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a residence homestead exemption equal to exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or

*Preliminary, subject to change.

certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted by May 1. The District currently does not grant a homestead exemption. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to a cumulative 10 percent annual increase regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is (i) 65 years of age or older, (ii) disabled or (iii) a disabled veteran, entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District

and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

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 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 districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections Limitations and Foreclosure Remedies."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

INVESTMENT CONSIDERATIONS

General

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

Recent Extreme Weather Events; Hurricane Harvey

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

The greater Houston area 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 and Engineer, there was no interruption of water and sewer service as a result of Hurricane Harvey and the District’s system did not sustain any material damage from Hurricane Harvey. The District did not receive reports that homes or businesses within the District experienced structural flooding or other damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

River (or Fluvial) Flood: 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 sheetflow overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam or levee also could potentially create a flooding condition in rivers or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam or levee.

Atlas 14

The National Oceanic and Atmospheric Administration (“NOAA”) recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See “WATER, WASTEWATER AND DRAINAGE.”

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of \$183,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities, and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds, \$38,500,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities, and \$87,750,000 principal amount of unlimited tax bonds for the purpose of financing road facilities and one and one-half times the amount of such bonds issued for the purposes of refunding such bonds and could authorize additional amounts. Any additional bonds sold would be on a parity with the Bonds. Currently, the District has \$121,055,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and storm drainage facilities authorized but unissued, and \$30,700,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities authorized but unissued and \$45,860,000 principal amount of unlimited tax road bonds authorized but unissued.

The principal amount of bonds for park and recreational facilities that can be sold by the District is limited to 1% of the certified taxable value of the District at any given time. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, additional bonds may be issued for purposes which do not result in any corresponding increases in taxable value in the District. See “THE BONDS—Issuance of Additional Debt.”

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (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 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) waste water discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") 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. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

The District's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop and implement the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR will become effective 60 days after the date of its publication in the Federal Register, and 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: Stormwater runoff from the District discharges into two watersheds, Red Gully and Oyster Creek. According to the Engineer, none of the land within the District is within the 100-year Flood Plain.

Marketability of the Bonds

The District has no understanding with the Underwriter 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 more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “TAX MATTERS.”

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations:

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

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

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

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 for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted in the form introduced or in some other form cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisor regarding the foregoing matter.

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned an underlying rating of "A3" 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.

The use of insurance and the payment of an insurance premium is at the option and expense of the District. The rating fees of Moody's will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Underwriter. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

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.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes, and (c) compliance with City of Houston Ordinance No. 97-416.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. Bond Counsel's opinion also will address the matters described below under "Tax Exemption." The legal opinion of Bond Counsel may be printed on the Bonds. Such opinion will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Coats Rose, P.C. also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No Material Adverse Change

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

No-Litigation Certificate

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

Qualified Tax-Exempt Obligations

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

The District will designate the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt obligations (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2020 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference term under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). The statutes, regulations, rulings, and court decisions on which the opinion is based are subject to change.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with the representations and warranties in and covenants of the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

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

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

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount payable on such Bonds at maturity. 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 state and local tax consequences of owning Premium Bonds.

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. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under “Certification of Official Statement.” Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has agreed to the use of information provided by such firms.

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,” “ROAD SYSTEM,” “PARK SYSTEM,” and “WATER, WASTEWATER AND DRAINAGE” has been provided by LJA Engineers, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this OFFICIAL STATEMENT relating to the historical certified taxable appraised valuations has been provided by the Fort Bend Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Fort Bend County, including the District.

Auditor: The financial statements of the District as of May 31, 2019, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Bookkeeper: The information related to the “unaudited” summary of the District’s General Operating Fund as it appears in “WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations” has been provided by L & S District Services, and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of utility districts.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in 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. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has 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 certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2020. Any financial statements provided by the District 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 is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit becomes available.

The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 30 in each year, unless it 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 specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

On December 1, 2017, S&P Rating Services downgraded the rating of National Public Finance Guarantee Corp., from "A" to "NR." On October 15, 2018, the District filed its notice of material event. Due to an administrative oversight, such filing was not made within ten (10) business days of the rating change. During continuing disclosure years 2012, 2013, and 2017, the District's continuing disclosure filings did not explicitly include the information relating to active water connections. However, such information was included in the continuing disclosure filings of the audited financial statements. During continuing disclosure years 2010 through the present, the District's continuing disclosure filings did not explicitly include the table "Tax Rate Limitations." Such information has been filed as of October 15, 2018.

The District has implemented procedures to ensure all required notices are filed in a timely manner and all information is included in future Continuing Disclosure undertakings. The District is not aware of any failure to comply, in the last five years, with any other continuing disclosure agreements made by them in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 134C, as of the date shown on the cover page.

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended May 31, 2019

The information contained in this appendix includes the Annual Audited Financial Statements of Fort Bend County
Municipal Utility District No. 134C.

Fort Bend County Municipal Utility District No. 134C

Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2019



Fort Bend County Municipal Utility District No. 134C
May 31, 2019

Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances.....	12
Notes to Financial Statements.....	14
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	30
Notes to Required Supplementary Information	31
Other Information	
Other Schedules Included Within This Report	32
Schedule of Services and Rates	33
Schedule of General Fund Expenditures.....	34
Schedule of Temporary Investments	35
Analysis of Taxes Levied and Receivable	36
Schedule of Long-term Debt Service Requirements by Years	38
Changes in Long-term Bonded Debt	59
Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years.....	61
Board Members, Key Personnel and Consultants.....	63

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 134C
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 134C (the District), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
October 9, 2019

Fort Bend County Municipal Utility District No. 134C

Management's Discussion and Analysis

May 31, 2019

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2019	2018
Current and other assets	\$ 19,898,784	\$ 16,772,575
Capital assets	65,308,366	63,300,492
Total assets	85,207,150	80,073,067
Deferred outflows of resources	781,559	817,388
Total assets and deferred outflows of resources	\$ 85,988,709	\$ 80,890,455
Long-term liabilities	\$ 101,103,679	\$ 99,113,809
Other liabilities	2,223,918	1,451,506
Total liabilities	103,327,597	100,565,315
Net position:		
Net investment in capital assets	(33,596,931)	(33,599,422)
Restricted	8,484,474	7,825,473
Unrestricted	7,773,569	6,099,089
Total net position	\$ (17,338,888)	\$ (19,674,860)

The total net position of the District increased by \$2,335,972 or about 12 percent. The majority of the increase in net position is due to property taxes and charges for services revenues exceeding services, depreciation and debt service expenditures. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2019	2018
Revenues:		
Property taxes	\$ 10,063,132	\$ 10,166,169
Charges for services	3,087,134	3,117,532
Other revenues	444,018	331,325
Total revenues	13,594,284	13,615,026

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Summary of Changes in Net Position (Continued)

	2019	2018
Expenses:		
Services	\$ 4,324,116	\$ 4,643,520
Connection fees	767,195	1,959,298
Depreciation	2,539,328	1,915,753
Debt service	3,627,673	3,675,582
Total expenses	<u>11,258,312</u>	<u>12,194,153</u>
Change in net position	2,335,972	1,420,873
Net position, beginning of year	<u>(19,674,860)</u>	<u>(21,095,733)</u>
Net position, end of year	<u>\$ (17,338,888)</u>	<u>\$ (19,674,860)</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2019, were \$18,346,326, an increase of \$2,489,199 from the prior year.

The general fund's fund balance increased by \$1,693,779, primarily due to property taxes and services revenues exceeding services operations expenditures.

The debt service fund's fund balance increased by \$717,417 because tax revenues generated were greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$78,003 due to net proceeds from the sale of bonds exceeding capital outlay expenditures and debt issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to interest income revenue, purchased services and other expenditures being greater than anticipated, as well as property tax and water and sewer service revenues, contracted services and repairs and maintenance expenditures being less than expected. In addition, an interfund transfer in from the capital projects fund was not included in the current year budget and capital outlay expenditures budgeted for were not incurred. The fund balance as of May 31, 2019, was expected to be \$7,325,261 and the actual end-of-year fund balance was \$7,747,320.

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

Capital Assets (Net of Accumulated Depreciation)

	2019	2018
Land and improvements	\$ 9,396,579	\$ 9,396,579
Construction in progress	1,411,637	383,673
Water facilities	4,652,615	4,646,559
Wastewater facilities	6,432,362	6,490,398
Drainage facilities	13,736,395	13,759,792
Roads and paving	22,714,040	23,407,354
Parks and recreation	6,964,738	5,216,137
Total capital assets	\$ 65,308,366	\$ 63,300,492

During the current year, additions to capital assets were as follows:

Landscape improvements to serve Aliana, Sections 11, 17, 24, 26, 27, 31 and 32	\$ 2,372,049
Construction in progress related to Clouston Avenue, Phase 3	1,027,964
Water, sewer and drainage facilities to serve Aliana, Sections 29, 31 and 46 and West Airport Boulevard, Phase 3	359,862
Drainage facilities for Bullhead Bayou Improvements, Phase 2	143,112
Road and paving facilities to serve Aliana, Sections 31 and 46; West Airport Boulevard, Phase 3 and West Bellfort Expansion	565,403
Water logic system	78,812
Total additions to capital assets	\$ 4,547,202

The developer within the District has constructed water, sewer, drainage, parks and recreation, and paving facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of May 31, 2019, a liability for developer-constructed capital assets of \$2,663,790 was recorded in the government-wide financial statements.

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2019, are summarized as follows:

Long-term debt payable, beginning of year	\$ 99,113,809
Increases in long-term debt	8,603,659
Decreases in long-term debt	<u>(6,613,789)</u>
 Long-term debt payable, end of year	 <u>\$ 101,103,679</u>

During the current year, the District issued its Series 2018 Unlimited Tax Bonds in the amount of \$6,435,000 at a net effective interest rate of approximately 3.887 percent. The bonds were sold to pay for Master District water and sewer connection fees and repay the developer for construction projects within the District.

The District also issued its Series 2018A Unlimited Tax Park Bonds in the amount of \$2,300,000 at a net effective interest rate of approximately 3.987 percent. These bonds were sold to repay the developer for parks and recreational facilities construction projects within the District.

At May 31, 2019, the District had \$121,055,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving its water, sanitary sewer and drainage systems, \$45,860,000 authorized, but unissued, for financing and constructing roads, and \$30,700,000 authorized, but unissued, for financing and constructing recreational facilities.

The District's bonds carry an underlying rating of "A3" from Moody's Investors Service and "BBB-" from Standard & Poor's. The Road Series 2012, Series 2013A, Series 2013, Series 2015 and Refunding Road Series 2016 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2014, Road Series 2014, Series 2014A, Road Series 2015, Road Series 2016, Refunding Series 2017, Series 2017, Park Series 2017A, Road Series 2017, Series 2018 and Park Series 2018A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Fort Bend County Municipal Utility District No. 134C
Management's Discussion and Analysis (Continued)
May 31, 2019

Subsequent Event

On June 25, 2019, the District issued \$7,130,000 in unlimited tax refunding bonds, Series 2019 to refund \$3,850,000 of outstanding Series 2012 bonds and \$3,075,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$522,195 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$380,614.

Fort Bend County Municipal Utility District No. 134C
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 1,165,188	\$ 2,267,548	\$ 1,831,498	\$ 5,264,234	\$ -	\$ 5,264,234
Certificates of deposit	6,095,000	6,850,000	650,000	13,595,000	-	13,595,000
Receivables:						
Property taxes	26,249	74,769	-	101,018	-	101,018
Service accounts	255,788	-	-	255,788	-	255,788
Accrued penalty and interest	-	-	-	-	16,823	16,823
Accrued interest	57,074	39,561	5,654	102,289	-	102,289
Interfund receivable	1,045,255	9,216	-	1,054,471	(1,054,471)	-
Operating reserve	543,113	-	-	543,113	-	543,113
Prepaid expenditures	20,519	-	-	20,519	-	20,519
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	9,396,579	9,396,579
Construction in progress	-	-	-	-	1,411,637	1,411,637
Infrastructure	-	-	-	-	24,821,372	24,821,372
Roads and paving	-	-	-	-	22,714,040	22,714,040
Parks and recreation	-	-	-	-	6,964,738	6,964,738
Total assets	<u>9,208,186</u>	<u>9,241,094</u>	<u>2,487,152</u>	<u>20,936,432</u>	<u>64,270,718</u>	<u>85,207,150</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>781,559</u>	<u>781,559</u>
Total assets and deferred outflows of resources	<u>\$ 9,208,186</u>	<u>\$ 9,241,094</u>	<u>\$ 2,487,152</u>	<u>\$ 20,936,432</u>	<u>\$ 65,052,277</u>	<u>\$ 85,988,709</u>

Fort Bend County Municipal Utility District No. 134C
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 1,203,958	\$ -	\$ -	\$ 1,203,958	\$ -	\$ 1,203,958
Accrued interest payable	-	-	-	-	789,301	789,301
Customer deposits	230,659	-	-	230,659	-	230,659
Interfund payable	-	23,232	1,031,239	1,054,471	(1,054,471)	-
Long-term liabilities:						
Due within one year	-	-	-	-	4,590,000	4,590,000
Due after one year	-	-	-	-	96,513,679	96,513,679
Total liabilities	1,434,617	23,232	1,031,239	2,489,088	100,838,509	103,327,597
Deferred Inflows of Resources						
Deferred property tax revenues	26,249	74,769	0	101,018	(101,018)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	20,519	-	-	20,519	(20,519)	-
Restricted:						
Utility bonds	-	5,798,550	-	5,798,550	(5,798,550)	-
Road bonds	-	3,344,543	-	3,344,543	(3,344,543)	-
Water, sewer and drainage	-	-	547,429	547,429	(547,429)	-
Roads	-	-	785,065	785,065	(785,065)	-
Parks and recreation	-	-	123,419	123,419	(123,419)	-
Assigned, operating reserve	543,113	-	-	543,113	(543,113)	-
Unassigned	7,183,688	-	-	7,183,688	(7,183,688)	-
Total fund balances	7,747,320	9,143,093	1,455,913	18,346,326	(18,346,326)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 9,208,186	\$ 9,241,094	\$ 2,487,152	\$ 20,936,432		
Net position:						
Net investment in capital assets					(33,596,931)	(33,596,931)
Restricted for debt service					8,445,384	8,445,384
Restricted for capital projects					39,090	39,090
Unrestricted					7,773,569	7,773,569
Total net position					\$ (17,338,888)	\$ (17,338,888)

Fort Bend County Municipal Utility District No. 134C
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 2,607,261	\$ 7,505,950	\$ -	\$ 10,113,211	\$ (50,079)	\$ 10,063,132
Water service	666,781	-	-	666,781	-	666,781
Sewer service	1,140,069	-	-	1,140,069	-	1,140,069
Surface water conversion	1,280,284	-	-	1,280,284	-	1,280,284
Penalty and interest	35,033	6,384	-	41,417	(31,472)	9,945
Tap connection and inspection fees	120,813	-	-	120,813	-	120,813
Interest income	127,579	124,508	28,220	280,307	-	280,307
Other income	32,953	-	-	32,953	-	32,953
Total revenues	6,010,773	7,636,842	28,220	13,675,835	(81,551)	13,594,284
Expenditures/Expenses						
Service operations:						
Purchased services	2,556,283	-	-	2,556,283	-	2,556,283
Professional fees	100,584	7,428	-	108,012	-	108,012
Contracted services	1,100,235	59,494	-	1,159,729	-	1,159,729
Utilities	184,737	-	-	184,737	-	184,737
Repairs and maintenance	150,914	-	-	150,914	-	150,914
Other expenditures	127,930	554	458	128,942	-	128,942
Tap connections	35,499	-	-	35,499	-	35,499
Capital outlay	78,812	-	8,051,047	8,129,859	(8,129,859)	-
Connection fees	-	-	-	-	767,195	767,195
Depreciation	-	-	-	-	2,539,328	2,539,328
Debt service:						
Principal retirement	-	3,870,000	-	3,870,000	(3,870,000)	-
Interest and fees	-	2,981,949	-	2,981,949	161,353	3,143,302
Debt issuance costs	-	-	484,371	484,371	-	484,371
Total expenditures/expenses	4,334,994	6,919,425	8,535,876	19,790,295	(8,531,983)	11,258,312
Excess (Deficiency) of Revenues Over Expenditures	1,675,779	717,417	(8,507,656)	(6,114,460)	8,450,432	

Fort Bend County Municipal Utility District No. 134C
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ 18,000	\$ -	\$ (18,000)	\$ -	\$ -	
General obligation bonds issued	-	-	8,735,000	8,735,000	(8,735,000)	
Discount on debt issued	-	-	(131,341)	(131,341)	131,341	
Total other financing sources	<u>18,000</u>	<u>0</u>	<u>8,585,659</u>	<u>8,603,659</u>	<u>(8,603,659)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,693,779	717,417	78,003	2,489,199	(2,489,199)	
Change in Net Position					2,335,972	\$ 2,335,972
Fund Balances/Net Position						
Beginning of year	<u>6,053,541</u>	<u>8,425,676</u>	<u>1,377,910</u>	<u>15,857,127</u>	<u>-</u>	<u>(19,674,860)</u>
End of year	<u>\$ 7,747,320</u>	<u>\$ 9,143,093</u>	<u>\$ 1,455,913</u>	<u>\$ 18,346,326</u>	<u>\$ 0</u>	<u>\$ (17,338,888)</u>

Fort Bend County Municipal Utility District No. 134C

Notes to Financial Statements

May 31, 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Fort Bend County Municipal Utility District No. 134C (the District) was created by House Bill Number 1342 (the Bill) of the 77th Legislature of the State of Texas, Regular Session, 2001. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Fort Bend County Municipal Utility District No. 134C

Notes to Financial Statements

May 31, 2019

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis.

Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

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

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Fort Bend County Municipal Utility District No. 134C

Notes to Financial Statements

May 31, 2019

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Roads and paving	10-30
Parks and recreation	10-30

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 65,308,366
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	101,018
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	16,823
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	781,559

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. \$ (789,301)

Long-term debt obligations are not due and payable in the current period and are not reported in the funds. (101,103,679)

Adjustment to fund balances to arrive at net position. \$ (35,685,214)

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because of the following:

Change in fund balances. \$ 2,489,199

Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded connection fees and depreciation expense in the current year. 4,823,336

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 131,341

Governmental funds report proceeds from the sale of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position. (4,865,000)

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in governmental funds. (81,551)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (161,353)

Change in net position of governmental activities. \$ 2,335,972

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At May 31, 2019, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

At May 31, 2019, the District had no investments other than certificates of deposit.

Investment Income

Investment income of \$280,307 for the year ended May 31, 2019, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2019, is presented below.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 9,396,579	\$ -	\$ 9,396,579
Construction in progress	383,673	1,027,964	1,411,637
Total capital assets, non-depreciable	<u>9,780,252</u>	<u>1,027,964</u>	<u>10,808,216</u>
Capital assets, depreciable:			
Water production and distribution facilities	5,377,370	132,900	5,510,270
Wastewater collection and treatment facilities	7,455,802	111,662	7,567,464
Drainage facilities	15,821,862	337,224	16,159,086
Roads and paving	30,325,179	565,403	30,890,582
Parks and recreation	5,412,881	2,372,049	7,784,930
Total capital assets, depreciable	<u>64,393,094</u>	<u>3,519,238</u>	<u>67,912,332</u>
Less accumulated depreciation:			
Water production and distribution facilities	(730,811)	(126,844)	(857,655)
Wastewater collection and treatment facilities	(965,404)	(169,698)	(1,135,102)
Drainage facilities	(2,062,070)	(360,621)	(2,422,691)
Roads and paving	(6,917,825)	(1,258,717)	(8,176,542)
Parks and recreation	(196,744)	(623,448)	(820,192)
Total accumulated depreciation	<u>(10,872,854)</u>	<u>(2,539,328)</u>	<u>(13,412,182)</u>
Total governmental activities, net	<u>\$ 63,300,492</u>	<u>\$ 2,007,874</u>	<u>\$ 65,308,366</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2019, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 95,525,000	\$ 8,735,000	\$ 3,870,000	\$ 100,390,000	\$ 4,590,000
Less discounts on bonds	1,890,443	131,341	71,673	1,950,111	-
	93,634,557	8,603,659	3,798,327	98,439,889	4,590,000
Due to developer	5,479,252	-	2,815,462	2,663,790	-
Total governmental activities long-term liabilities	<u>\$ 99,113,809</u>	<u>\$ 8,603,659</u>	<u>\$ 6,613,789</u>	<u>\$ 101,103,679</u>	<u>\$ 4,590,000</u>

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

General Obligation Bonds

	Series 2010	Road Series 2011
Amounts outstanding, May 31, 2019	\$360,000	\$300,000
Interest rates	3.75% to 4.20%	4.25% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2019/2020	September 1, 2019/2020
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2018	September 1, 2018
	Series 2012	Road Series 2012
Amounts outstanding, May 31, 2019	\$4,480,000	\$2,400,000
Interest rates	2.600% to 4.125%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2037	September 1, 2019/2038
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2018	September 1, 2018
	Series 2013	Series 2013A
Amounts outstanding, May 31, 2019	\$4,100,000	\$4,000,000
Interest rates	2.00% to 4.00%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2019/2038	September 1, 2019/2038
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2019	September 1, 2021

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

	Series 2014	Road Series 2014
Amounts outstanding, May 31, 2019	\$5,400,000	\$5,135,000
Interest rates	2.00% to 4.25%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2038	September 1, 2019/2038
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2021	September 1, 2022
	Series 2014A	Series 2015
Amounts outstanding, May 31, 2019	\$3,990,000	\$9,665,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2038	September 1, 2019/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2022	September 1, 2023
	Road Series 2015	Refunding Road Series 2016
Amounts outstanding, May 31, 2019	\$13,640,000	\$4,300,000
Interest rates	2.00% to 3.75%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2019/2040	September 1, 2019/2035
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2023

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

	Series 2016	Road Series 2016
Amounts outstanding, May 31, 2019	\$10,080,000	\$5,255,000
Interest rates	2.00% to 3.00%	2.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2019/2040	September 1, 2019/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2023
	Refunding Series 2017	Series 2017
Amounts outstanding, May 31, 2019	\$4,385,000	\$2,100,000
Interest rates	2.00% to 3.50%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2034	September 1, 2019/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2024
	Park Series 2017A	Road Series 2017
Amounts outstanding, May 31, 2019	\$5,260,000	\$6,805,000
Interest rates	2.000% to 3.375%	2.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2019/2040	September 1, 2019/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	September 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

	Series 2018	Park Series 2018A
Amounts outstanding, May 31, 2019	\$6,435,000	\$2,300,000
Interest rates	3.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2040	September 1, 2019/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	September 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2019.

Year	Principal	Interest	Total
2020	\$ 4,590,000	\$ 3,098,689	\$ 7,688,689
2021	4,630,000	2,977,340	7,607,340
2022	4,655,000	2,858,335	7,513,335
2023	4,690,000	2,741,450	7,431,450
2024	4,715,000	2,619,046	7,334,046
2025-2029	23,965,000	11,154,667	35,119,667
2030-2034	24,830,000	7,335,633	32,165,633
2035-2039	22,770,000	3,032,967	25,802,967
2040-2041	5,545,000	198,801	5,743,801
Total	<u>\$ 100,390,000</u>	<u>\$ 36,016,928</u>	<u>\$ 136,406,928</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount, and are further payable from and secured by a lien on and a pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Bonds voted – water, sewer and drainage facilities	\$ 183,000,000
Bonds sold– water, sewer and drainage facilities	61,945,000
Bonds voted – road and paving facilities	87,750,000
Bonds sold– road and paving facilities	41,890,000
Bonds voted – park and recreational facilities	38,500,000
Bonds sold– park and recreational facilities	7,800,000

Due to Developer

The developer of the District has constructed detention facilities, road and paving facilities, recreational facilities and underground utilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$2,663,790. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2019, the District levied an ad valorem debt service tax at the rate of \$0.6100 per \$100 of assessed valuation, which resulted in a tax levy of \$4,849,089 on the taxable valuation of \$794,897,621 for the 2018 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$4,858,644 of which \$965,702 has been paid and \$3,892,942 is due on September 1, 2019.
- B. In accordance with the Series 2017 and Park Series 2017A Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. The bond interest reserve of \$29,925 was fully utilized in the current year.
- C. During the current year, the District transferred \$18,000 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held November 6, 2007, voters authorized a maintenance tax not to exceed \$1.50 per \$100 valuation on all property within the District subject to taxation. During the year ended May 31, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.3300 per \$100 of assessed valuation, which resulted in a tax levy of \$2,623,278 on the taxable valuation of \$794,897,621 for the 2018 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Note 7: Road Debt Service Taxes

At an election held November 6, 2007, voters authorized a road debt service tax on all property within the District subject to taxation. During the year ended May 31, 2019, the District levied an ad valorem road debt service tax at the rate of \$0.3400 per \$100 of assessed valuation, which resulted in a tax levy of \$2,702,771 on the taxable valuation of \$794,897,621 for the 2018 tax year. The interest and principal requirements to be paid from the road debt service tax revenues and available resources are \$2,836,318 of which \$560,659 has been paid and \$2,275,659 is due on September 1, 2019.

Note 8: Financing and Operation of Regional Facilities

On November 14, 2007, the District entered into a regional contract with Fort Bend County Municipal Utility District No. 134A (District No. 134A) and Fort Bend County Municipal Utility District No. 134B (District No. 134B), whereby District No. 134A will act as a master district and provide, or cause to be provided, the regional water supply and delivery facilities and the regional waste collection, treatment and disposal facilities necessary to serve the District. Under the terms of the regional contract, which is in effect for 50 years, operating charges per single-family equivalent connection were established and are billed to the participants on a monthly basis. The District incurred \$2,556,283 of operating costs attributable to facilities for the year ended May 31, 2019.

District No. 134A charges a connection fee to pay for the costs of constructing regional facilities. The connection charge per equivalent single-family connection is currently \$11,803. As of May 31, 2019, the District has purchased 2,046 water and sewer connections, for a total of \$24,062,723. In addition, District No. 134A is authorized, under certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities as needed to serve all districts in the service area. Once bonds are issued, each participating district will contribute to the debt service requirements of the bonds.

Note 9: Regional Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which regulates groundwater withdrawal. As of May 31, 2019, the Authority was billing District No. 134A \$3.65 per 1,000 gallons of water pumped from its wells and \$4.00 per 1,000 gallons of surface water purchased from the Authority. These amounts are subject to future increases.

Fort Bend County Municipal Utility District No. 134C
Notes to Financial Statements
May 31, 2019

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 11: Subsequent Event

On June 25, 2019, the District issued \$7,130,000 in unlimited tax refunding bonds, Series 2019 to refund \$3,850,000 of outstanding Series 2012 bonds and \$3,075,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$522,195 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$380,614.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 134C
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2019

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,649,570	\$ 2,607,261	\$ (42,309)
Water service	710,500	666,781	(43,719)
Sewer service	1,178,000	1,140,069	(37,931)
Surface water conversion	1,250,000	1,280,284	30,284
Penalty and interest	30,000	35,033	5,033
Tap connection and inspection fees	81,335	120,813	39,478
Interest income	3,600	127,579	123,979
Other income	500	32,953	32,453
	<u>5,903,505</u>	<u>6,010,773</u>	<u>107,268</u>
Expenditures			
Service operations:			
Purchased services	2,231,685	2,556,283	(324,598)
Professional fees	152,000	100,584	51,416
Contracted services	1,515,100	1,100,235	414,865
Utilities	250,000	184,737	65,263
Repairs and maintenance	255,500	150,914	104,586
Other expenditures	108,500	127,930	(19,430)
Tap connections	19,000	35,499	(16,499)
Capital outlay	100,000	78,812	21,188
	<u>4,631,785</u>	<u>4,334,994</u>	<u>296,791</u>
Excess of Revenues Over Expenditures	1,271,720	1,675,779	404,059
Other Financing Sources			
Interfund transfers in	-	18,000	18,000
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	1,271,720	1,693,779	422,059
Fund Balance, Beginning of Year	<u>6,053,541</u>	<u>6,053,541</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,325,261</u>	<u>\$ 7,747,320</u>	<u>\$ 422,059</u>

Fort Bend County Municipal Utility District No. 134C
Notes to Required Supplementary Information
May 31, 2019

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2019.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Fort Bend County Municipal Utility District No. 134C
Other Schedules Included Within This Report
May 31, 2019

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-29
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 134C

Schedule of Services and Rates

Year Ended May 31, 2019

1. Services provided by the District:

- | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other _____ | | |

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 20.00	10,000	N	\$ 1.50	10,001 to 15,000
				\$ 1.75	15,001 to 20,000
				\$ 2.00	20,001 to 25,000
				\$ 2.50	25,001 to 30,000
				\$ 3.50	30,001 to No Limit
Wastewater:	\$ 44.75	0	Y		
Regional water fee:	\$ 4.40	0	N	\$ 4.40	1 to No Limit

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees):

Water \$ 64.00 Wastewater \$ 44.75

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	1	1	x1.0	1
≤ 3/4"	1,267	1,263	x1.0	1,263
1"	822	819	x2.5	2,048
1 1/2"	27	24	x5.0	120
2"	59	59	x8.0	472
3"	2	2	x15.0	30
4"	1	1	x25.0	25
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	2,179	2,169		3,959
Total wastewater	2,071	2,066	x1.0	2,066

3. Total water consumption (in thousands) during the period:

Gallons pumped into the system:	312,975
Gallons billed to customers:	312,975
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 134C
Schedule of General Fund Expenditures
Year Ended May 31, 2019

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	17,700	
Legal		66,210	
Engineering		16,674	
Financial advisor		-	100,584
		<u> -</u>	
Purchased Services for Resale			2,556,283
Bulk water and wastewater service purchases			2,556,283
Regional Water Fee			-
Contracted Services			
Bookkeeping		14,549	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		229,924	
Other contracted services		388,802	633,275
		<u> -</u>	
Utilities			184,737
Repairs and Maintenance			150,914
Administrative Expenditures			
Directors' fees		8,250	
Office supplies		-	
Insurance		19,987	
Other administrative expenditures		26,565	54,802
		<u> -</u>	
Capital Outlay			
Capitalized assets		78,812	
Expenditures not capitalized		-	78,812
		<u> -</u>	
Tap Connection Expenditures			35,499
Solid Waste Disposal			454,477
Fire Fighting			12,483
Parks and Recreation			-
Debt Issuance Costs			-
Other Expenditures			<u>73,128</u>
Total expenditures			<u>\$ 4,334,994</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Temporary Investments
May 31, 2019

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 66000822	2.45%	10/18/19	\$ 2,000,000	\$ 30,205
No. 6751043617	2.16%	08/19/19	245,000	1,827
No. 9009010445	2.43%	10/18/19	850,000	3,395
No. 66000866	2.50%	01/21/20	1,000,000	8,425
No. 9009010448	2.54%	02/21/20	2,000,000	13,222
			<u>6,095,000</u>	<u>57,074</u>
Debt Service Fund				
Certificates of Deposit				
No. 66000246	2.50%	08/21/19	2,345,000	14,937
No. 1002114998	2.20%	08/21/19	245,000	1,373
No. 9009010020	2.40%	08/21/19	245,000	1,498
No. 6758156379	2.50%	04/19/20	850,000	3,319
No. 3116003007	2.25%	08/21/19	100,000	573
No. 66000531	2.50%	08/21/19	2,365,000	15,065
No. 9009010446	2.43%	10/18/19	700,000	2,796
			<u>6,850,000</u>	<u>39,561</u>
Capital Projects Fund				
Certificate of Deposit				
No. 66000862	2.50%	01/21/20	650,000	5,654
Totals			<u>\$ 13,595,000</u>	<u>\$ 102,289</u>

Fort Bend County Municipal Utility District No. 134C
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2019

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 45,548	\$ 39,992	\$ 65,557
Additions and corrections to prior years' taxes	<u>(35,316)</u>	<u>(28,909)</u>	<u>(47,781)</u>
Adjusted receivable, beginning of year	<u>10,232</u>	<u>11,083</u>	<u>17,776</u>
2018 Original Tax Levy	2,624,209	2,703,730	4,850,810
Additions and corrections	<u>(931)</u>	<u>(959)</u>	<u>(1,721)</u>
Adjusted tax levy	<u>2,623,278</u>	<u>2,702,771</u>	<u>4,849,089</u>
Total to be accounted for	2,633,510	2,713,854	4,866,865
Tax collections: Current year	(2,602,907)	(2,681,783)	(4,811,433)
Prior years	<u>(4,354)</u>	<u>(4,973)</u>	<u>(7,761)</u>
Receivable, end of year	<u>\$ 26,249</u>	<u>\$ 27,098</u>	<u>\$ 47,671</u>
Receivable, by Years			
2018	\$ 20,371	\$ 20,988	\$ 37,656
2017	5,448	5,769	9,455
2016	145	145	233
2015	74	74	93
2014	67	22	112
2013	74	31	78
2012	<u>70</u>	<u>69</u>	<u>44</u>
Receivable, end of year	<u>\$ 26,249</u>	<u>\$ 27,098</u>	<u>\$ 47,671</u>

Fort Bend County Municipal Utility District No. 134C
Analysis of Taxes Levied and Receivable (Continued)
Year Ended May 31, 2019

	2018	2017	2016	2015
Property Valuations				
Land	\$ 161,089,051	\$ 149,280,841	\$ 142,292,201	\$ 125,087,488
Improvements	645,616,596	637,333,348	562,525,948	419,129,088
Personal property	19,736,940	11,569,790	3,090,700	1,358,590
Exemptions	<u>(31,544,966)</u>	<u>(34,492,927)</u>	<u>(17,861,217)</u>	<u>(27,288,107)</u>
Total property valuations	<u>\$ 794,897,621</u>	<u>\$ 763,691,052</u>	<u>\$ 690,047,632</u>	<u>\$ 518,287,059</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.6100	\$ 0.5900	\$ 0.5800	\$ 0.5000
Road debt service tax rates	0.3400	0.3600	0.3600	0.4000
Maintenance tax rates*	<u>0.3300</u>	<u>0.3400</u>	<u>0.3600</u>	<u>0.4000</u>
Total tax rates per \$100 valuation	<u>\$ 1.2800</u>	<u>\$ 1.2900</u>	<u>\$ 1.3000</u>	<u>\$ 1.3000</u>
Tax Levy	<u>\$ 10,175,138</u>	<u>\$ 9,851,867</u>	<u>\$ 8,970,641</u>	<u>\$ 6,737,963</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on November 6, 2007

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2010		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 175,000	\$ 11,358	\$ 186,358
2021	<u>185,000</u>	<u>3,885</u>	<u>188,885</u>
Totals	<u>\$ 360,000</u>	<u>\$ 15,243</u>	<u>\$ 375,243</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2011		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 145,000	\$ 11,194	\$ 156,194
2021	<u>155,000</u>	<u>3,875</u>	<u>158,875</u>
Totals	<u>\$ 300,000</u>	<u>\$ 15,069</u>	<u>\$ 315,069</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2012		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 145,000	\$ 167,336	\$ 312,336
2021	155,000	163,281	318,281
2022	160,000	158,711	318,711
2023	170,000	153,676	323,676
2024	180,000	148,071	328,071
2025	190,000	141,776	331,776
2026	195,000	134,941	329,941
2027	205,000	127,639	332,639
2028	215,000	119,815	334,815
2029	230,000	111,414	341,414
2030	240,000	102,244	342,244
2031	250,000	92,444	342,444
2032	265,000	82,144	347,144
2033	275,000	71,344	346,344
2034	290,000	60,044	350,044
2035	305,000	47,953	352,953
2036	320,000	35,063	355,063
2037	335,000	21,553	356,553
2038	355,000	7,322	362,322
Totals	<u>\$ 4,480,000</u>	<u>\$ 1,946,771</u>	<u>\$ 6,426,771</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2012		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 75,000	\$ 84,994	\$ 159,994
2021	75,000	82,744	157,744
2022	80,000	80,419	160,419
2023	85,000	77,944	162,944
2024	90,000	75,319	165,319
2025	95,000	72,544	167,544
2026	95,000	69,693	164,693
2027	100,000	66,769	166,769
2028	105,000	63,628	168,628
2029	110,000	60,269	170,269
2030	120,000	56,675	176,675
2031	125,000	52,300	177,300
2032	130,000	47,200	177,200
2033	135,000	41,900	176,900
2034	145,000	36,300	181,300
2035	150,000	30,400	180,400
2036	160,000	24,200	184,200
2037	165,000	17,700	182,700
2038	175,000	10,900	185,900
2039	185,000	3,700	188,700
Totals	<u>\$ 2,400,000</u>	<u>\$ 1,055,598</u>	<u>\$ 3,455,598</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2013		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 205,000	\$ 141,450	\$ 346,450
2021	205,000	136,325	341,325
2022	205,000	130,175	335,175
2023	205,000	124,025	329,025
2024	205,000	117,875	322,875
2025	205,000	111,725	316,725
2026	205,000	105,575	310,575
2027	205,000	99,425	304,425
2028	205,000	93,275	298,275
2029	205,000	86,100	291,100
2030	205,000	77,900	282,900
2031	205,000	69,700	274,700
2032	205,000	61,500	266,500
2033	205,000	53,300	258,300
2034	205,000	45,100	250,100
2035	205,000	36,900	241,900
2036	205,000	28,700	233,700
2037	205,000	20,500	225,500
2038	205,000	12,300	217,300
2039	205,000	4,100	209,100
Totals	<u>\$ 4,100,000</u>	<u>\$ 1,555,950</u>	<u>\$ 5,655,950</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2013A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 200,000	\$ 167,000	\$ 367,000
2021	200,000	161,000	361,000
2022	200,000	155,000	355,000
2023	200,000	148,000	348,000
2024	200,000	140,000	340,000
2025	200,000	132,000	332,000
2026	200,000	124,000	324,000
2027	200,000	116,000	316,000
2028	200,000	108,000	308,000
2029	200,000	99,750	299,750
2030	200,000	91,250	291,250
2031	200,000	82,500	282,500
2032	200,000	73,500	273,500
2033	200,000	64,250	264,250
2034	200,000	54,750	254,750
2035	200,000	45,000	245,000
2036	200,000	35,000	235,000
2037	200,000	25,000	225,000
2038	200,000	15,000	215,000
2039	200,000	5,000	205,000
Totals	<u>\$ 4,000,000</u>	<u>\$ 1,842,000</u>	<u>\$ 5,842,000</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 270,000	\$ 188,662	\$ 458,662
2021	270,000	180,563	450,563
2022	270,000	173,137	443,137
2023	270,000	165,713	435,713
2024	270,000	157,612	427,612
2025	270,000	149,513	419,513
2026	270,000	141,075	411,075
2027	270,000	132,131	402,131
2028	270,000	122,850	392,850
2029	270,000	113,400	383,400
2030	270,000	103,612	373,612
2031	270,000	93,487	363,487
2032	270,000	83,025	353,025
2033	270,000	72,225	342,225
2034	270,000	61,425	331,425
2035	270,000	50,625	320,625
2036	270,000	39,656	309,656
2037	270,000	28,519	298,519
2038	270,000	17,213	287,213
2039	270,000	5,738	275,738
Totals	<u>\$ 5,400,000</u>	<u>\$ 2,080,181</u>	<u>\$ 7,480,181</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 260,000	\$ 171,800	\$ 431,800
2021	260,000	165,300	425,300
2022	260,000	157,500	417,500
2023	260,000	149,700	409,700
2024	260,000	141,900	401,900
2025	260,000	134,100	394,100
2026	260,000	126,300	386,300
2027	255,000	118,575	373,575
2028	255,000	110,606	365,606
2029	255,000	102,319	357,319
2030	255,000	93,713	348,713
2031	255,000	84,788	339,788
2032	255,000	75,544	330,544
2033	255,000	65,981	320,981
2034	255,000	56,100	311,100
2035	255,000	45,900	300,900
2036	255,000	35,700	290,700
2037	255,000	25,500	280,500
2038	255,000	15,300	270,300
2039	255,000	5,100	260,100
Totals	<u>\$ 5,135,000</u>	<u>\$ 1,881,726</u>	<u>\$ 7,016,726</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2014A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 200,000	\$ 122,850	\$ 322,850
2021	200,000	118,850	318,850
2022	200,000	114,850	314,850
2023	200,000	109,850	309,850
2024	200,000	103,850	303,850
2025	200,000	97,850	297,850
2026	200,000	91,850	291,850
2027	200,000	85,850	285,850
2028	200,000	79,850	279,850
2029	200,000	73,850	273,850
2030	200,000	67,725	267,725
2031	200,000	61,350	261,350
2032	200,000	54,600	254,600
2033	200,000	47,600	247,600
2034	200,000	40,600	240,600
2035	200,000	33,600	233,600
2036	200,000	26,475	226,475
2037	200,000	19,225	219,225
2038	195,000	11,700	206,700
2039	195,000	3,900	198,900
Totals	<u>\$ 3,990,000</u>	<u>\$ 1,366,275</u>	<u>\$ 5,356,275</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 440,000	\$ 306,300	\$ 746,300
2021	440,000	293,100	733,100
2022	440,000	282,100	722,100
2023	440,000	272,750	712,750
2024	440,000	262,300	702,300
2025	440,000	251,300	691,300
2026	440,000	239,750	679,750
2027	440,000	227,100	667,100
2028	440,000	213,900	653,900
2029	440,000	200,700	640,700
2030	440,000	187,225	627,225
2031	440,000	173,200	613,200
2032	440,000	158,625	598,625
2033	440,000	143,775	583,775
2034	440,000	128,650	568,650
2035	440,000	112,975	552,975
2036	440,000	96,200	536,200
2037	440,000	78,600	518,600
2038	440,000	61,000	501,000
2039	435,000	43,500	478,500
2040	435,000	26,100	461,100
2041	435,000	8,700	443,700
Totals	<u>\$ 9,665,000</u>	<u>\$ 3,767,850</u>	<u>\$ 13,432,850</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 620,000	\$ 389,050	\$ 1,009,050
2021	620,000	376,650	996,650
2022	620,000	364,250	984,250
2023	620,000	351,850	971,850
2024	620,000	339,450	959,450
2025	620,000	326,663	946,663
2026	620,000	313,100	933,100
2027	620,000	298,375	918,375
2028	620,000	281,325	901,325
2029	620,000	262,725	882,725
2030	620,000	244,124	864,124
2031	620,000	225,137	845,137
2032	620,000	205,763	825,763
2033	620,000	185,999	805,999
2034	620,000	165,850	785,850
2035	620,000	145,313	765,313
2036	620,000	124,000	744,000
2037	620,000	102,300	722,300
2038	620,000	80,213	700,213
2039	620,000	57,738	677,738
2040	620,000	34,875	654,875
2041	620,000	11,625	631,625
Totals	<u>\$ 13,640,000</u>	<u>\$ 4,886,375</u>	<u>\$ 18,526,375</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Refunding Road Series 2016			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 65,000	\$ 114,088	\$ 179,088
2021	65,000	112,137	177,137
2022	230,000	107,713	337,713
2023	240,000	101,862	341,862
2024	245,000	97,013	342,013
2025	250,000	92,062	342,062
2026	255,000	87,013	342,013
2027	260,000	81,537	341,537
2028	265,000	74,969	339,969
2029	275,000	67,200	342,200
2030	280,000	59,225	339,225
2031	290,000	51,387	341,387
2032	300,000	42,900	342,900
2033	305,000	33,825	338,825
2034	315,000	24,525	339,525
2035	325,000	14,925	339,925
2036	335,000	5,025	340,025
Totals	<u>\$ 4,300,000</u>	<u>\$ 1,167,406</u>	<u>\$ 5,467,406</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 460,000	\$ 246,625	\$ 706,625
2021	460,000	237,425	697,425
2022	460,000	228,225	688,225
2023	460,000	219,025	679,025
2024	460,000	209,825	669,825
2025	460,000	200,625	660,625
2026	460,000	191,425	651,425
2027	460,000	182,225	642,225
2028	460,000	172,450	632,450
2029	460,000	162,100	622,100
2030	460,000	151,175	611,175
2031	460,000	139,675	599,675
2032	460,000	127,887	587,887
2033	460,000	115,525	575,525
2034	455,000	102,375	557,375
2035	455,000	88,725	543,725
2036	455,000	75,075	530,075
2037	455,000	61,425	516,425
2038	455,000	47,775	502,775
2039	455,000	34,125	489,125
2040	455,000	20,475	475,475
2041	455,000	6,825	461,825
Totals	<u>\$ 10,080,000</u>	<u>\$ 3,021,012</u>	<u>\$ 13,101,012</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 240,000	\$ 137,513	\$ 377,513
2021	240,000	132,712	372,712
2022	240,000	127,912	367,912
2023	240,000	123,113	363,113
2024	240,000	118,313	358,313
2025	240,000	113,512	353,512
2026	240,000	108,563	348,563
2027	240,000	103,312	343,312
2028	240,000	97,613	337,613
2029	240,000	91,012	331,012
2030	240,000	83,813	323,813
2031	240,000	76,612	316,612
2032	240,000	69,413	309,413
2033	240,000	62,212	302,212
2034	240,000	55,013	295,013
2035	240,000	47,812	287,812
2036	240,000	40,613	280,613
2037	235,000	33,487	268,487
2038	235,000	26,291	261,291
2039	235,000	18,947	253,947
2040	235,000	11,456	246,456
2041	235,000	3,819	238,819
Totals	<u>\$ 5,255,000</u>	<u>\$ 1,683,063</u>	<u>\$ 6,938,063</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	<u>Refunding Series 2017</u>		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 50,000	\$ 126,700	\$ 176,700
2021	50,000	125,200	175,200
2022	245,000	122,000	367,000
2023	255,000	117,000	372,000
2024	260,000	111,525	371,525
2025	270,000	105,225	375,225
2026	275,000	98,412	373,412
2027	285,000	91,056	376,056
2028	295,000	82,713	377,713
2029	310,000	73,638	383,638
2030	320,000	64,187	384,187
2031	330,000	54,025	384,025
2032	340,000	43,138	383,138
2033	355,000	31,844	386,844
2034	365,000	19,687	384,687
2035	<u>380,000</u>	<u>6,650</u>	<u>386,650</u>
Totals	<u>\$ 4,385,000</u>	<u>\$ 1,273,000</u>	<u>\$ 5,658,000</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 100,000	\$ 64,306	\$ 164,306
2021	100,000	60,306	160,306
2022	95,000	56,406	151,406
2023	95,000	52,606	147,606
2024	95,000	48,806	143,806
2025	95,000	45,956	140,956
2026	95,000	44,056	139,056
2027	95,000	41,919	136,919
2028	95,000	39,545	134,545
2029	95,000	37,169	132,169
2030	95,000	34,556	129,556
2031	95,000	31,706	126,706
2032	95,000	28,856	123,856
2033	95,000	26,006	121,006
2034	95,000	23,156	118,156
2035	95,000	20,306	115,306
2036	95,000	17,338	112,338
2037	95,000	14,250	109,250
2038	95,000	11,164	106,164
2039	95,000	8,016	103,016
2040	95,000	4,809	99,809
2041	95,000	1,603	96,603
Totals	<u>\$ 2,100,000</u>	<u>\$ 712,841</u>	<u>\$ 2,812,841</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Park Series 2017A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 240,000	\$ 146,932	\$ 386,932
2021	240,000	142,131	382,131
2022	240,000	137,332	377,332
2023	240,000	132,531	372,531
2024	240,000	127,732	367,732
2025	240,000	122,331	362,331
2026	240,000	115,732	355,732
2027	240,000	108,531	348,531
2028	240,000	101,331	341,331
2029	240,000	94,131	334,131
2030	240,000	86,931	326,931
2031	240,000	79,731	319,731
2032	240,000	72,531	312,531
2033	240,000	65,331	305,331
2034	240,000	57,981	297,981
2035	240,000	50,481	290,481
2036	240,000	42,981	282,981
2037	240,000	35,331	275,331
2038	235,000	27,613	262,613
2039	235,000	19,828	254,828
2040	235,000	11,897	246,897
2041	235,000	3,966	238,966
Totals	<u>\$ 5,260,000</u>	<u>\$ 1,783,316</u>	<u>\$ 7,043,316</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Road Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 310,000	\$ 192,837	\$ 502,837
2021	310,000	186,637	496,637
2022	310,000	180,437	490,437
2023	310,000	172,687	482,687
2024	310,000	163,387	473,387
2025	310,000	154,087	464,087
2026	310,000	146,144	456,144
2027	310,000	139,363	449,363
2028	310,000	132,000	442,000
2029	310,000	124,056	434,056
2030	310,000	115,337	425,337
2031	310,000	106,037	416,037
2032	310,000	96,737	406,737
2033	310,000	87,437	397,437
2034	310,000	77,944	387,944
2035	310,000	68,063	378,063
2036	310,000	57,987	367,987
2037	310,000	47,913	357,913
2038	310,000	37,450	347,450
2039	305,000	26,690	331,690
2040	305,000	16,013	321,013
2041	305,000	5,338	310,338
Totals	<u>\$ 6,805,000</u>	<u>\$ 2,334,581</u>	<u>\$ 9,139,581</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Series 2018		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 290,000	\$ 222,163	\$ 512,163
2021	295,000	213,388	508,388
2022	295,000	204,537	499,537
2023	295,000	195,687	490,687
2024	295,000	186,837	481,837
2025	295,000	177,987	472,987
2026	295,000	169,137	464,137
2027	295,000	159,919	454,919
2028	295,000	150,331	445,331
2029	295,000	140,375	435,375
2030	295,000	130,050	425,050
2031	295,000	119,356	414,356
2032	290,000	108,388	398,388
2033	290,000	97,513	387,513
2034	290,000	86,638	376,638
2035	290,000	75,400	365,400
2036	290,000	63,800	353,800
2037	290,000	52,200	342,200
2038	290,000	40,600	330,600
2039	290,000	29,000	319,000
2040	290,000	17,400	307,400
2041	290,000	5,800	295,800
Totals	<u>\$ 6,435,000</u>	<u>\$ 2,646,506</u>	<u>\$ 9,081,506</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Park Series 2018A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 100,000	\$ 85,531	\$ 185,531
2021	105,000	81,831	186,831
2022	105,000	77,631	182,631
2023	105,000	73,431	178,431
2024	105,000	69,231	174,231
2025	105,000	65,556	170,556
2026	105,000	62,341	167,341
2027	105,000	58,994	163,994
2028	105,000	55,581	160,581
2029	105,000	52,038	157,038
2030	105,000	48,100	153,100
2031	105,000	43,900	148,900
2032	105,000	39,700	144,700
2033	105,000	35,500	140,500
2034	105,000	31,300	136,300
2035	105,000	27,000	132,000
2036	105,000	22,900	127,900
2037	105,000	18,700	123,700
2038	105,000	14,500	119,500
2039	105,000	10,300	115,300
2040	105,000	6,100	111,100
2041	100,000	2,000	102,000
Totals	<u>\$ 2,300,000</u>	<u>\$ 982,165</u>	<u>\$ 3,282,165</u>

Fort Bend County Municipal Utility District No. 134C
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2019

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 4,590,000	\$ 3,098,689	\$ 7,688,689
2021	4,630,000	2,977,340	7,607,340
2022	4,655,000	2,858,335	7,513,335
2023	4,690,000	2,741,450	7,431,450
2024	4,715,000	2,619,046	7,334,046
2025	4,745,000	2,494,812	7,239,812
2026	4,760,000	2,369,107	7,129,107
2027	4,785,000	2,238,720	7,023,720
2028	4,815,000	2,099,782	6,914,782
2029	4,860,000	1,952,246	6,812,246
2030	4,895,000	1,797,842	6,692,842
2031	4,930,000	1,637,335	6,567,335
2032	4,965,000	1,471,451	6,436,451
2033	5,000,000	1,301,567	6,301,567
2034	5,040,000	1,127,438	6,167,438
2035	5,085,000	948,028	6,033,028
2036	4,740,000	770,713	5,510,713
2037	4,420,000	602,203	5,022,203
2038	4,440,000	436,341	4,876,341
2039	4,085,000	275,682	4,360,682
2040	2,775,000	149,125	2,924,125
2041	2,770,000	49,676	2,819,676
Totals	<u>\$ 100,390,000</u>	<u>\$ 36,016,928</u>	<u>\$ 136,406,928</u>

Fort Bend County Municipal Utility District No. 134C
Changes in Long-term Bonded Debt
Year Ended May 31, 2019

	Bond			
	Series 2010	Road Series 2011	Series 2012	Road Series 2012
Interest rates	3.75% to 4.20%	4.25% to 5.00%	2.600% to 4.125%	3.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2019/2020	September 1, 2019/2020	September 1, 2019/2037	September 1, 2019/2038
Bonds outstanding, beginning of current year	\$ 525,000	\$ 440,000	\$ 4,620,000	\$ 2,470,000
Bonds sold during current year	-	-	-	-
Retirements, principal	<u>165,000</u>	<u>140,000</u>	<u>140,000</u>	<u>70,000</u>
Bonds outstanding, end of current year	<u>\$ 360,000</u>	<u>\$ 300,000</u>	<u>\$ 4,480,000</u>	<u>\$ 2,400,000</u>
Interest paid during current year	<u>\$ 18,245</u>	<u>\$ 17,787</u>	<u>\$ 171,041</u>	<u>\$ 87,169</u>

Paying agent's name and address:

Series 2010	- Wells Fargo Bank, N.A., Dallas, Texas
Road Series 2011	- Wells Fargo Bank, N.A., Dallas, Texas
Series 2012	- Wells Fargo Bank, N.A., Dallas, Texas
Road Series 2012	- Wells Fargo Bank, N.A., Dallas, Texas
Series 2013	- Wells Fargo Bank, N.A., Dallas, Texas
Series 2013A	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2014	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Road Series 2014	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2014A	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2015	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Road Series 2015	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Ref. Road Series 2016	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2016	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Road Series 2016	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Ref. Series 2017	- Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Park Series 2017A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Road Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Park Series 2018A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Road Bonds	Park and Recreational Bonds	Refunding Bonds
Amount authorized by voters	<u>\$ 183,000,000</u>	<u>\$ 87,750,000</u>	<u>\$ 38,500,000</u>	<u>\$ -</u>
Amount of authorization issued	<u>\$ 61,945,000</u>	<u>\$ 41,890,000</u>	<u>\$ 7,800,000</u>	<u>\$ 1,200,000</u>
Remaining to be issued	<u>\$ 121,055,000</u>	<u>\$ 45,860,000</u>	<u>\$ 30,700,000</u>	<u>\$ -</u>
Debt service fund cash and temporary investment balances as of May 31, 2019:				<u>\$ 9,117,548</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:				<u>\$ 6,200,315</u>

Issues

Series 2013	Series 2013A	Series 2014	Road Series 2014	Series 2014A	Series 2015	Road Series 2015
2.00% to 4.00%	3.00% to 5.00%	2.00% to 4.25%	2.00% to 4.00%	2.00% to 4.00%	2.00% to 4.00%	2.00% to 3.75%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2019/2038	September 1, 2019/2038	September 1, 2019/2038	September 1, 2019/2038	September 1, 2019/2038	September 1, 2019/2040	September 1, 2019/2040
\$ 4,305,000	\$ 4,205,000	\$ 5,675,000	\$ 5,395,000	\$ 4,190,000	\$ 10,105,000	\$ 14,260,000
-	-	-	-	-	-	-
205,000	205,000	275,000	260,000	200,000	440,000	620,000
<u>\$ 4,100,000</u>	<u>\$ 4,000,000</u>	<u>\$ 5,400,000</u>	<u>\$ 5,135,000</u>	<u>\$ 3,990,000</u>	<u>\$ 9,665,000</u>	<u>\$ 13,640,000</u>
<u>\$ 145,550</u>	<u>\$ 173,075</u>	<u>\$ 196,837</u>	<u>\$ 177,000</u>	<u>\$ 126,850</u>	<u>\$ 319,500</u>	<u>\$ 401,450</u>

Fort Bend County Municipal Utility District No. 134C
Changes in Long-term Bonded Debt (Continued)
Year Ended May 31, 2019

	Bond			
	Refunding Road Series 2016	Series 2016	Road Series 2016	Refunding Series 2017
Interest rates	2.00% to 3.00%	2.00% to 3.00%	2.00% to 3.25%	2.00% to 3.50%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2019/2035	September 1, 2019/2040	September 1, 2019/2040	September 1, 2019/2034
Bonds outstanding, beginning of current year	\$ 4,365,000	\$ 10,540,000	\$ 5,495,000	\$ 4,430,000
Bonds sold during current year	-	-	-	-
Retirements, principal	65,000	460,000	240,000	45,000
Bonds outstanding, end of current year	<u>\$ 4,300,000</u>	<u>\$ 10,080,000</u>	<u>\$ 5,255,000</u>	<u>\$ 4,385,000</u>
Interest paid during current year	<u>\$ 116,037</u>	<u>\$ 255,825</u>	<u>\$ 142,312</u>	<u>\$ 128,125</u>

Issues

Series 2017	Park Series 2017A	Road Series 2017	Series 2018	Park Series 2018A	Totals
2.00% to 4.00%	2.000% to 3.375%	2.00% to 3.50%	3.00% to 4.00%	3.00% to 4.00%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2019/2040	September 1, 2019/2040	September 1, 2019/2040	September 1, 2019/2040	September 1, 2019/2040	
\$ 2,200,000	\$ 5,500,000	\$ 6,805,000	\$ -	\$ -	\$ 95,525,000
-	-	-	6,435,000	2,300,000	8,735,000
100,000	240,000	-	-	-	3,870,000
<u>\$ 2,100,000</u>	<u>\$ 5,260,000</u>	<u>\$ 6,805,000</u>	<u>\$ 6,435,000</u>	<u>\$ 2,300,000</u>	<u>\$ 100,390,000</u>
<u>\$ 68,306</u>	<u>\$ 151,731</u>	<u>\$ 195,937</u>	<u>\$ 75,504</u>	<u>\$ 28,977</u>	<u>\$ 2,997,258</u>

Fort Bend County Municipal Utility District No. 134C
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2019	2018	2017	2016	2015
General Fund					
Revenues					
Property taxes	\$ 2,607,261	\$ 2,684,650	\$ 2,548,645	\$ 2,061,197	\$ 1,580,304
Water service	666,781	695,378	657,487	660,264	506,674
Sewer service	1,140,069	1,167,902	1,151,785	1,078,753	868,299
Surface water conversion	1,280,284	1,254,252	1,195,815	1,013,872	652,293
Penalty and interest	35,033	30,763	50,852	56,602	43,938
Tap connection and inspection fees	120,813	85,590	400,361	409,755	725,177
Interest income	127,579	24,743	6,299	6,160	3,847
Other income	32,953	53,325	675	1,891	3,327
Total revenues	<u>6,010,773</u>	<u>5,996,603</u>	<u>6,011,919</u>	<u>5,288,494</u>	<u>4,383,859</u>
Expenditures					
Service operations:					
Purchased services	2,556,283	2,362,646	2,612,000	1,674,333	1,254,953
Professional fees	100,584	130,943	104,090	148,036	161,233
Contracted services	1,100,235	1,602,486	1,271,909	987,028	559,168
Utilities	184,737	202,399	213,014	179,808	130,614
Repairs and maintenance	150,914	95,383	135,407	282,343	298,301
Other expenditures	127,930	58,084	84,476	179,628	93,645
Tap connections	35,499	41,073	105,005	168,890	256,945
Capital outlay	78,812	24,650	2,360,008	470,020	145,403
Debt issuance costs	-	18,000	-	39,055	-
Total expenditures	<u>4,334,994</u>	<u>4,535,664</u>	<u>6,885,909</u>	<u>4,129,141</u>	<u>2,900,262</u>
Excess (Deficiency) of Revenues Over Expenditures	1,675,779	1,460,939	(873,990)	1,159,353	1,483,597
Other Financing Sources					
Interfund transfers in	18,000	885,995	33,630	51,863	-
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	1,693,779	2,346,934	(840,360)	1,211,216	1,483,597
Fund Balance, Beginning of Year	<u>6,053,541</u>	<u>3,706,607</u>	<u>4,546,967</u>	<u>3,335,751</u>	<u>1,852,154</u>
Fund Balance, End of Year	<u>\$ 7,747,320</u>	<u>\$ 6,053,541</u>	<u>\$ 3,706,607</u>	<u>\$ 4,546,967</u>	<u>\$ 3,335,751</u>
Total Active Retail Water Connections	<u>2,169</u>	<u>2,155</u>	<u>2,140</u>	<u>2,091</u>	<u>1,798</u>
Total Active Retail Wastewater Connections	<u>2,066</u>	<u>2,056</u>	<u>2,043</u>	<u>2,001</u>	<u>1,731</u>

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
43.4 %	44.8 %	42.4 %	39.0 %	36.0 %
11.1	11.6	10.9	12.5	11.6
19.0	19.5	19.2	20.4	19.8
21.3	20.9	19.9	19.2	14.9
0.6	0.5	0.8	1.1	1.0
2.0	1.4	6.7	7.7	16.5
2.1	0.4	0.1	0.1	0.1
0.5	0.9	0.0	0.0	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
42.5	39.4	43.4	31.7	28.6
1.7	2.2	1.7	2.8	3.7
18.3	26.7	21.2	18.7	12.8
3.1	3.4	3.5	3.4	3.0
2.5	1.6	2.3	5.3	6.8
2.1	0.9	1.4	3.4	2.1
0.6	0.7	1.8	3.2	5.9
1.3	0.4	39.3	8.9	3.3
-	0.3	-	0.7	-
<u>72.1</u>	<u>75.6</u>	<u>114.6</u>	<u>78.1</u>	<u>66.2</u>
<u>27.9 %</u>	<u>24.4 %</u>	<u>(14.6) %</u>	<u>21.9 %</u>	<u>33.8 %</u>

Fort Bend County Municipal Utility District No. 134C
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended May 31,

	Amounts				
	2019	2018	2017	2016	2015
Debt Service Fund					
Revenues					
Property taxes	\$ 7,505,950	\$ 7,421,867	\$ 6,599,077	\$ 4,635,064	\$ 3,029,837
Penalty and interest	6,384	47,125	10,412	13,773	6,480
Interest income	124,508	48,900	11,984	8,639	5,677
Total revenues	<u>7,636,842</u>	<u>7,517,892</u>	<u>6,621,473</u>	<u>4,657,476</u>	<u>3,041,994</u>
Expenditures					
Current:					
Professional fees	7,428	6,678	3,453	4,860	2,025
Contracted services	59,494	66,911	153,011	99,417	66,869
Other expenditures	554	532	592	2,140	525
Debt service:					
Principal retirement	3,870,000	3,555,000	2,675,000	1,565,000	245,000
Interest and fees	2,981,949	2,715,555	2,292,795	1,976,666	1,442,178
Debt issuance costs	-	-	377,038	-	-
Debt defeasance	-	-	94,000	-	-
Total expenditures	<u>6,919,425</u>	<u>6,344,676</u>	<u>5,595,889</u>	<u>3,648,083</u>	<u>1,756,597</u>
Excess of Revenues Over Expenditures	<u>717,417</u>	<u>1,173,216</u>	<u>1,025,584</u>	<u>1,009,393</u>	<u>1,285,397</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	112,219	8,960,000	785,100	335,650
Payment to escrow agent	-	-	(8,471,018)	-	-
Discount on debt issued	-	-	(111,096)	-	-
Total other financing sources	<u>0</u>	<u>112,219</u>	<u>377,886</u>	<u>785,100</u>	<u>335,650</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>717,417</u>	<u>1,285,435</u>	<u>1,403,470</u>	<u>1,794,493</u>	<u>1,621,047</u>
Fund Balance, Beginning of Year	<u>8,425,676</u>	<u>7,140,241</u>	<u>5,736,771</u>	<u>3,942,278</u>	<u>2,321,231</u>
Fund Balance, End of Year	<u>\$ 9,143,093</u>	<u>\$ 8,425,676</u>	<u>\$ 7,140,241</u>	<u>\$ 5,736,771</u>	<u>\$ 3,942,278</u>

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
98.3 %	98.7 %	99.6 %	99.5 %	99.6 %
0.1	0.6	0.2	0.3	0.2
1.6	0.7	0.2	0.2	0.2
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.1	0.1	0.1	0.1
0.8	0.9	2.3	2.1	2.2
0.0	0.0	0.0	0.1	0.0
50.7	47.3	40.4	33.6	8.0
39.0	36.1	34.6	42.4	47.4
-	-	5.7	-	-
-	-	1.4	-	-
<u>90.6</u>	<u>84.4</u>	<u>84.5</u>	<u>78.3</u>	<u>57.7</u>
<u>9.4 %</u>	<u>15.6 %</u>	<u>15.5 %</u>	<u>21.7 %</u>	<u>42.3 %</u>

Fort Bend County Municipal Utility District No. 134C
Board Members, Key Personnel and Consultants
Year Ended May 31, 2019

Complete District mailing address:	Fort Bend County Municipal Utility District No. 134C Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046-3653	
District business telephone number:	713.651.0111	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		April 23, 2019
Limit on fees of office that a director may receive during a fiscal year:		\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Theodore Reese	Elected 05/17- 05/21	\$ 2,250	\$ 995	President
Keith Faseler	Elected 05/19- 05/23	1,500	169	Vice President
James (Ed) Highfill	Elected 05/19- 05/23	1,800	376	Secretary
Jamie Kastens	Appointed 10/18- 05/21	1,200	142	Assistant Vice President
Ira Domnitz	Elected 05/19- 05/23	1,500	61	Assistant Secretary
Tracy Butcher	Elected 05/17- 06/18	0	0	Resigned

*Fees are the amounts actually paid to a director during the District's fiscal year.

Fort Bend County Municipal Utility District No. 134C
Board Members, Key Personnel and Consultants (Continued)
Year Ended May 31, 2019

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	04/28/09	\$ 35,800	Auditor
		66,210	General Counsel
Coats Rose, P.C.	08/29/07	210,455	Bond Counsel
Fort Bend Central Appraisal District	08/29/07	58,573	Appraiser
Inframark, LLC	05/01/12	326,265	Operator
LJA Engineering, Inc.	08/29/07	36,638	Engineer
L & S District Services, LLC	08/29/07	16,349	Bookkeeper
			Financial Advisor
Masterson Advisors LLC	04/23/18	175,979	
			Tax Assessor/ Collector
Patsy Schultz	06/23/08	1,006	
Investment Officer			
Debra R. Loggins	08/29/07	N/A	Bookkeeper