**OFFICIAL STATEMENT DATED MARCH 2, 2020**

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 HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.*

*NEW ISSUE – Book Entry Only*

Insured Rating (AGM): S&P "AA" (stable outlook)
Moody's "A2" (stable outlook)
Underlying Rating: Moody's "A3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

# $2,320,000
# 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/registrar, 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."

ASSURED GUARANTY MUNICIPAL

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

## 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 | $ 90,000 | 3.00% | 0.95% | 34682J WA6 | 2025 | $ 105,000 | | 3.00% | 1.17% | 34682J WE8 |
| 2022 | 95,000 | 3.00 | 1.01 | 34682J WB4 | 2026 | 110,000 | (c) | 3.00 | 1.27 | 34682J WF5 |
| 2023 | 100,000 | 3.00 | 1.06 | 34682J WC2 | 2027 | 115,000 | (c) | 3.00 | 1.35 | 34682J WG3 |
| 2024 | 105,000 | 3.00 | 1.11 | 34682J WD0 | 2028 | 120,000 | (c) | 3.00 | 1.45 | 34682J WH1 |

$265,000 Term Bonds due March 1, 2030 (c), 34682J WJ7(b), 2.00% Interest Rate, 1.69% Yield (a)
$275,000 Term Bonds due March 1, 2032 (c), 34682J WK4(b), 2.00% Interest Rate, 1.83% Yield (a)
$295,000 Term Bonds due March 1, 2034 (c), 34682J WL2(b), 2.00% Interest Rate, 2.00% Yield (a)
$310,000 Term Bonds due March 1, 2036 (c), 34682J WM0(b), 2.00% Interest Rate, 2.08% Yield (a)
$335,000 Term Bonds due March 1, 2038 (c), 34682J WN8(b), 2.00% Interest Rate, 2.16% Yield (a)

(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, 2026, 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, 2025, 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. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. 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**

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## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from 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."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

## 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 $2,344,355.31 (representing the par amount of the Bonds of $2,320,000, plus a net premium on the Bonds of $49,184.65, less an Underwriter's discount of $24,829.34) 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."

*The Developer...* 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."

*Status of Development...* 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."

*Regional Facilities...* 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."

*Payment Record...* 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

*Description...* $2,320,000 Unlimited Tax Road Refunding Bonds, Series 2020 (the "Bonds") mature serially on March 1 in each of the years 2021 through 2028, both inclusive, and as term bonds on March 1 in each of the years 2030, 2032, 2034, 2036 and 2038 (the "Term Bonds") 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."

*Book-Entry-Only…* 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."

*Redemption...* Bonds maturing on or after March 1, 2026 are subject to redemption at the option of the District prior to their maturity dates on March 1, 2025, 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. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

| | |
|---|---|
| *Use of Proceeds...* | Proceeds from the sale of the Bonds 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." |
| *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, 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." |
| *Source of Payment…* | 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." |
| *Municipal Bond Rating and Municipal Bond Insurance...* | It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. (Moody's) will assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer"). Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of their ratings may be obtained from S&P or Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B." |
| *Qualified Tax-Exempt Obligations...* | The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. |
| *Bond Counsel...* | Coats Rose, P.C., Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS" and "TAX MATTERS." |
| *Financial Advisor…* | Masterson Advisors LLC, Houston, Texas. |
| *Underwriter's Counsel...* | McCall, Parkhurst & Horton L.L.P., Houston, Texas. |
| *Paying Agent/Registrar...* | The Bank of New York Mellon Trust Co., N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest." |
| *Paying Agent/Registrar on Refunded Bonds...* | Wells Fargo Bank, N.A., Minneapolis, Minnesota. See "PLAN OF FINANCING—Defeasance of Refunded Bonds." |
| *Verification Agent...* | 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."

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## SELECTED FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

| | | |
|---|---|---|
| 2019 Certified Taxable Assessed Valuation | $815,822,069 | (a) |
| | | |
| Gross Direct Debt Outstanding | $96,075,000 | (b) |
| Estimated Overlapping Debt | 27,810,770 | (c) |
| Gross Direct Debt and Estimated Overlapping Debt | $123,885,770 | |
| | | |
| Ratio of Gross Direct Debt to: | | |
| 2019 Certified Taxable Assessed Valuation | 11.78% | |
| | | |
| Ratio of Gross Direct Debt and Estimated Overlapping Debt to: | | |
| 2019 Certified Taxable Assessed Valuation | 15.19% | |
| | | |
| 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 | 3,608,464 | (d) |
| 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 | 0.37 | |
| 2019 Total Tax Rate | $1.28 | |
| | | |
| Average Annual Debt Service Requirement (2020-2040) | $6,159,221 | (b) |
| Maximum Debt Service Requirement (2020) | $7,630,121 | (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 (e): | | |
| Completed Homes (2,038 occupied) | 2,041 | |
| Homes Under Construction or in Builder's Name | 1 | |
| Vacant Developed Lots | 4 | |
| Commercial | (e) | |
| Estimated Population | 7,133 | (f) |

(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 FINANICNG—Debt Service Requirements."
(e) See "THE DISTRICT—Land Use" and "—Status of Development."
(f) Based on 3.5 persons per occupied single-family residence.

# OFFICIAL STATEMENT

## $2,320,000
## 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 $2,320,000 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 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").

## 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 | | | | | 2,320,000 |
| The Bonds and Remaining Outstanding Bonds | | | | | $ 96,075,000 |

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

## Refunded Bonds

Proceeds of the Bonds 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.

| Maturity Date September 1 | Series 2012 |
|---|---|
| 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 |
| | $ 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 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.

**Sources and Uses of Funds**

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

| | |
|---|---|
| *Sources of Funds:* | |
| Principal Amount of the Bonds | $2,320,000.00 |
| Plus: Net Premium on the Bonds | 49,184.65 |
| Total Sources of Funds | $2,369,184.65 |
| *Uses of Funds:* | |
| Deposit to Payment Account | $2,257,255.00 |
| Issuance Expenses and Underwriter's Discount (a) | 111,929.65 |
| Total Uses of Funds | $2,369,184.65 |

(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 debt service on the Bonds.

| Year | Outstanding Bonds Debt Service Requirements | Less: Debt Service on the Refunded Bonds | Plus: Debt Service on the Bonds Principal | Interest | Total | Total Debt Service Requirements |
|---|---|---|---|---|---|---|
| 2020 | $ 7,643,530.00 | $ 40,809.38 | | $ 27,400.00 | $ 27,400.00 | $ 7,630,120.62 |
| 2021 | 7,542,670.00 | 161,618.76 | $ 90,000 | 53,450.00 | 143,450.00 | 7,524,501.24 |
| 2022 | 7,464,320.00 | 164,218.76 | 95,000 | 50,675.00 | 145,675.00 | 7,445,776.24 |
| 2023 | 7,372,700.00 | 166,668.76 | 100,000 | 47,750.00 | 147,750.00 | 7,353,781.24 |
| 2024 | 7,278,700.00 | 168,968.76 | 105,000 | 44,675.00 | 149,675.00 | 7,259,406.24 |
| 2025 | 7,165,025.00 | 166,118.76 | 105,000 | 41,525.00 | 146,525.00 | 7,145,431.24 |
| 2026 | 7,067,643.76 | 168,268.76 | 110,000 | 38,300.00 | 148,300.00 | 7,047,675.00 |
| 2027 | 6,963,043.76 | 170,268.76 | 115,000 | 34,925.00 | 149,925.00 | 6,942,700.00 |
| 2028 | 6,859,912.50 | 171,987.50 | 120,000 | 31,400.00 | 151,400.00 | 6,839,325.00 |
| 2029 | 6,741,825.00 | 178,550.00 | 130,000 | 28,300.00 | 158,300.00 | 6,721,575.00 |
| 2030 | 6,618,100.00 | 179,800.00 | 135,000 | 25,650.00 | 160,650.00 | 6,598,950.00 |
| 2031 | 6,490,525.00 | 179,800.00 | 135,000 | 22,950.00 | 157,950.00 | 6,468,675.00 |
| 2032 | 6,356,587.50 | 179,600.00 | 140,000 | 20,200.00 | 160,200.00 | 6,337,187.50 |
| 2033 | 6,229,812.50 | 184,200.00 | 145,000 | 17,350.00 | 162,350.00 | 6,207,962.50 |
| 2034 | 6,097,775.00 | 183,400.00 | 150,000 | 14,400.00 | 164,400.00 | 6,078,775.00 |
| 2035 | 5,566,475.00 | 187,400.00 | 155,000 | 11,350.00 | 166,350.00 | 5,545,425.00 |
| 2036 | 5,074,375.00 | 186,000.00 | 155,000 | 8,250.00 | 163,250.00 | 5,051,625.00 |
| 2037 | 4,931,675.00 | 189,400.00 | 165,000 | 5,050.00 | 170,050.00 | 4,912,325.00 |
| 2038 | 4,409,881.26 | 192,400.00 | 170,000 | 1,700.00 | 171,700.00 | 4,389,181.26 |
| 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 | $ 2,320,000 | $ 525,300.00 | $ 2,845,300.00 | $ 129,343,648.08 |

Maximum Annual Debt Service Requirement (2020) ........ $7,630,121
Average Annual Debt Service Requirements (2020-2040) ........ $6,159,221

# 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

*Mandatory Redemption*: The Bonds maturing on March 1 in each of the years 2030, 2032, 2034, 2036 and 2038 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on March 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

| $265,000 Term Bonds Due March 1, 2030 | |
|---|---|
| **Mandatory Redemption Date** | **Principal Amount** |
| 2029 | $ 130,000 |
| 2030 (maturity) | 135,000 |

| $275,000 Term Bonds Due March 1, 2032 | |
|---|---|
| **Mandatory Redemption Date** | **Principal Amount** |
| 2031 | $ 135,000 |
| 2032 (maturity) | 140,000 |

| $295,000 Term Bonds Due March 1, 2034 | |
|---|---|
| **Mandatory Redemption Date** | **Principal Amount** |
| 2033 | $ 145,000 |
| 2034 (maturity) | 150,000 |

| $310,000 Term Bonds Due March 1, 2036 | |
|---|---|
| **Mandatory Redemption Date** | **Principal Amount** |
| 2035 | $ 155,000 |
| 2036 (maturity) | 155,000 |

| $335,000 Term Bonds Due March 1, 2038 | |
|---|---|
| **Mandatory Redemption Date** | **Principal Amount** |
| 2037 | $ 165,000 |
| 2038 (maturity) | 170,000 |

*Optional Redemption:* Bonds maturing on or after March 1, 2026 are subject to redemption at the option of the District prior to their maturity dates on March 1, 2025, 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 s 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 77$^{th}$ Legislature, Regular Session 2001, as amended by Senate Bill 1872, 79$^{th}$ Legislature, Regular Session 2005, and Senate Bill 1823, 83$^{rd}$ 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.

| *Single-Family Residential* | Approximate Acres | Lots |
|---|---|---|
| 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 |
| *Commercial Reserves* | 109 | --- |
| *School Site* | 9 | --- |
| *Undevelopable (a)* | 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, 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 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:

| Name | District Board Title | Term Expires |
|---|---|---|
| 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.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]*

## 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 ended 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.

| | | Fiscal Year Ended May 31 | | | |
|---|---|---|---|---|---|
| | 6/1/2019 to 12/31/2019 (a) | 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 | $96,075,000 | (b) |
| Estimated Overlapping Debt | 27,810,770 | (c) |
| Gross Direct Debt and Estimated Overlapping Debt | $123,885,770 | |
| | | |
| Ratios of Gross Direct Debt to: | | |
| 2019 Certified Taxable Assessed Valuation | 11.78% | |
| | | |
| Ratios of Gross Direct Debt and Estimated Overlapping Debt to: | | |
| 2019 Certified Taxable Assessed Valuation | 15.19% | |
| | | |
| 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 | 3,608,464 | (d) |
| 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 "PLAN OF FINANCING—Debt Service Requirements."

### 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.

## 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 | Overlapping 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)…………………………………………………………………………… | | | | 96,075,000 |
| Total Direct and Estimated Overlapping Debt………………………………………………………………… | | | | $ 123,885,770 |
| Direct and Estimated Overlapping Debt as a Percentage of: | | | | |
| 2019 Certified Taxable Assessed Valuation…………………………………………………………………… | | | | 15.19% |

(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 Assessed Valuation |
|---|---|
| Fort Bend County (Includes Drainage District)………… | $ 0.46000 |
| Fort Bend ESD No. 5……………………………………… | 0.10000 |
| Fort Bend ISD……………………………………………… | 1.27000 |
| Total Overlapping Tax Rate……………………………… | $ 1.83000 |
| The District (a)…………………………………………… | 1.28000 |
| Total Tax Rate…………………………………………… | $ 3.11000 |

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

# 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 | $ 0.90 | $ 0.94 | $ 0.95 | $ 0.95 | $ 0.91 |
| Maintenance and Operations | 0.40 | 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 Taxable Assessed Valuation(a) | Tax Rate | Total Tax Levy(b) | Total Collections as of January 31, 2020 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.

| | Type of Property | | | Gross | Deferments | Net Taxable |
|---|---|---|---|---|---|---|
| Tax Year | Land | Improvements | Personal Property | Assessed Valuations | and Exemptions(a) | Assessed Valuations |
| 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) ............ $6,159,221
$0.80 Tax Rate on the 2019 Certified Taxable Assessed Valuation ............ $6,200,248

Maximum Annual Debt Service Requirement (2020) ............ $7,630,121
$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 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 than1.08 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 than1.035 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 entered into an agreement with ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

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

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") will assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from the company furnishing each rating.

The rating reflects only the view of such organizations and the District makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## MUNICIPAL BOND INSURANCE

**Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT. The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

*Capitalization of AGM*

At December 31, 2019:

- The policyholders' surplus of AGM was approximately $2,691 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

*Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this OFFICIAL STATEMENT and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this OFFICIAL STATEMENT.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this OFFICIAL STATEMENT, except as so modified or superseded.

*Miscellaneous Matters*

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

## 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 has designated 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") is 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 audited financial statements become 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/Theodore Reese___________
President, Board of Directors

ATTEST:

/s/ James Highfill___________
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

BKD
CPAs & Advisors

# Fort Bend County Municipal Utility District No. 134C

**May 31, 2019**

## Contents

BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
713.499.4600 | Fax 713.499.4699 | bkd.com

## 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.

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 |

### 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 | 11,258,312 | 12,194,153 |
| Change in net position | 2,335,972 | 1,420,873 |
| Net position, beginning of year | (19,674,860) | (21,095,733) |
| Net position, end of year | $ (17,338,888) | $ (19,674,860) |

### 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.

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 | (6,613,789) |
| Long-term debt payable, end of year | $ 101,103,679 |

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.

## 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 | 9,208,186 | 9,241,094 | 2,487,152 | 20,936,432 | 64,270,718 | 85,207,150 |
| **Deferred Outflows of Resources** | | | | | | |
| Deferred amount on debt refundings | 0 | 0 | 0 | 0 | 781,559 | 781,559 |
| Total assets and deferred outflows of resources | $ 9,208,186 | $ 9,241,094 | $ 2,487,152 | $ 20,936,432 | $ 65,052,277 | $ 85,988,709 |

# 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 | 18,000 | 0 | 8,585,659 | 8,603,659 | (8,603,659) | |
| **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 | 6,053,541 | 8,425,676 | 1,377,910 | 15,857,127 | - | (19,674,860) |
| End of year | $ 7,747,320 | $ 9,143,093 | $ 1,455,913 | $ 18,346,326 | $ 0 | $ (17,338,888) |

## 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.

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.

### *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.

### *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.

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:

| | Years |
|---|---|
| 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 |

## 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 | 9,780,252 | 1,027,964 | 10,808,216 |
| 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 | 64,393,094 | 3,519,238 | 67,912,332 |
| 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 | (10,872,854) | (2,539,328) | (13,412,182) |
| Total governmental activities, net | $ 63,300,492 | $ 2,007,874 | $ 65,308,366 |

## 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 | $ 99,113,809 | $ 8,603,659 | $ 6,613,789 | $ 101,103,679 | $ 4,590,000 |

# 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 | $ 100,390,000 | $ 36,016,928 | $ 136,406,928 |

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.

| | |
|---|---|
| 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.

## 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.

## 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 |
| Total revenues | 5,903,505 | 6,010,773 | 107,268 |
| **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 |
| Total expenditures | 4,631,785 | 4,334,994 | 296,791 |
| **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** | 6,053,541 | 6,053,541 | - |
| **Fund Balance, End of Year** | $ 7,325,261 | $ 7,747,320 | $ 422,059 |

# 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:

| | | |
|---|---|---|
| X Retail Water | ___ Wholesale Water | X Drainage |
| X Retail Wastewater | ___ Wholesale Wastewater | ___ Irrigation |
| X Parks/Recreation | ___ Fire Protection | X Security |
| X Solid Waste/Garbage | ___ Flood Control | ___ Roads |

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

___ 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 X

Total charges per 10,000 gallons usage (including fees): Water $ 64.00 Wastewater $ 44.75

b. Water and wastewater retail connections:

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFC* |
|---|---|---|---|---|
| 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 |
| **Purchased Services for Resale** | | |
| 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 |
| **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 |
| **Capital Outlay** | | |
| Capitalized assets | 78,812 | |
| Expenditures not capitalized | - | 78,812 |
| **Tap Connection Expenditures** | | 35,499 |
| **Solid Waste Disposal** | | 454,477 |
| **Fire Fighting** | | 12,483 |
| **Parks and Recreation** | | - |
| **Debt Issuance Costs** | | - |
| **Other Expenditures** | | 73,128 |
| Total expenditures | | $ 4,334,994 |

# 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 |
| | | | 6,095,000 | 57,074 |
| **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 |
| | | | 6,850,000 | 39,561 |
| **Capital Projects Fund** | | | | |
| Certificate of Deposit | | | | |
| No. 66000862 | 2.50% | 01/21/20 | 650,000 | 5,654 |
| Totals | | | $ 13,595,000 | $ 102,289 |

# 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 | (35,316) | (28,909) | (47,781) |
| Adjusted receivable, beginning of year | 10,232 | 11,083 | 17,776 |
| **2018 Original Tax Levy** | 2,624,209 | 2,703,730 | 4,850,810 |
| Additions and corrections | (931) | (959) | (1,721) |
| Adjusted tax levy | 2,623,278 | 2,702,771 | 4,849,089 |
| 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 | (4,354) | (4,973) | (7,761) |
| Receivable, end of year | $ 26,249 | $ 27,098 | $ 47,671 |
| **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 | 70 | 69 | 44 |
| Receivable, end of year | $ 26,249 | $ 27,098 | $ 47,671 |

# 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 | (31,544,966) | (34,492,927) | (17,861,217) | (27,288,107) |
| Total property valuations | $ 794,897,621 | $ 763,691,052 | $ 690,047,632 | $ 518,287,059 |
| **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* | 0.3300 | 0.3400 | 0.3600 | 0.4000 |
| Total tax rates per $100 valuation | $ 1.2800 | $ 1.2900 | $ 1.3000 | $ 1.3000 |
| **Tax Levy** | $ 10,175,138 | $ 9,851,867 | $ 8,970,641 | $ 6,737,963 |
| **Percent of Taxes Collected to Taxes Levied**** | 99% | 99% | 99% | 99% |

*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

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

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

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

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

| | Series 2012 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 4,480,000 | $ 1,946,771 | $ 6,426,771 |

# Fort Bend County Municipal Utility District No. 134C

## Schedule of Long-term Debt Service Requirements by Years (Continued)

## May 31, 2019

| | Road Series 2012 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 2,400,000 | $ 1,055,598 | $ 3,455,598 |

# Fort Bend County Municipal Utility District No. 134C

## Schedule of Long-term Debt Service Requirements by Years (Continued)

## May 31, 2019

| | Series 2013 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 4,100,000 | $ 1,555,950 | $ 5,655,950 |

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

| | Series 2013A | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 4,000,000 | $ 1,842,000 | $ 5,842,000 |

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

| | Series 2014 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 5,400,000 | $ 2,080,181 | $ 7,480,181 |

# 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 | $ 5,135,000 | $ 1,881,726 | $ 7,016,726 |

# Fort Bend County Municipal Utility District No. 134C

## Schedule of Long-term Debt Service Requirements by Years (Continued)

## May 31, 2019

| | Series 2014A | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 3,990,000 | $ 1,366,275 | $ 5,356,275 |

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

| | Series 2015 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 9,665,000 | $ 3,767,850 | $ 13,432,850 |

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

| | Road Series 2015 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 13,640,000 | $ 4,886,375 | $ 18,526,375 |

# 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 | Refunding Road Series 2016 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 | $ 4,300,000 | $ 1,167,406 | $ 5,467,406 |

# Fort Bend County Municipal Utility District No. 134C

## Schedule of Long-term Debt Service Requirements by Years (Continued)

## May 31, 2019

| | Series 2016 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 10,080,000 | $ 3,021,012 | $ 13,101,012 |

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

| | Road Series 2016 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 5,255,000 | $ 1,683,063 | $ 6,938,063 |

## 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 | Refunding Series 2017 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 | 380,000 | 6,650 | 386,650 |
| Totals | $ 4,385,000 | $ 1,273,000 | $ 5,658,000 |

# 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 | Series 2017 Interest Due September 1, March 1 | Series 2017 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 | $ 2,100,000 | $ 712,841 | $ 2,812,841 |

# 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 | Park Series 2017A Interest Due September 1, March 1 | Park Series 2017A 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 | $ 5,260,000 | $ 1,783,316 | $ 7,043,316 |

# 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 | $ 6,805,000 | $ 2,334,581 | $ 9,139,581 |

# Fort Bend County Municipal Utility District No. 134C

## Schedule of Long-term Debt Service Requirements by Years (Continued)

## May 31, 2019

| | Series 2018 | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 6,435,000 | $ 2,646,506 | $ 9,081,506 |

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

| | Park Series 2018A | | |
|---|---|---|---|
| Due During Fiscal Years Ending May 31 | 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 | $ 2,300,000 | $ 982,165 | $ 3,282,165 |

# 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 | $ 100,390,000 | $ 36,016,928 | $ 136,406,928 |

# 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 | 165,000 | 140,000 | 140,000 | 70,000 |
| Bonds outstanding, end of current year | $ 360,000 | $ 300,000 | $ 4,480,000 | $ 2,400,000 |
| Interest paid during current year | $ 18,245 | $ 17,787 | $ 171,041 | $ 87,169 |

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 | $ 183,000,000 | $ 87,750,000 | $ 38,500,000 | $ - |
| Amount of authorization issued | $ 61,945,000 | $ 41,890,000 | $ 7,800,000 | $ 1,200,000 |
| Remaining to be issued | $ 121,055,000 | $ 45,860,000 | $ 30,700,000 | $ - |

| | |
|---|---|
| Debt service fund cash and temporary investment balances as of May 31, 2019: | $ 9,117,548 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 6,200,315 |

**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 |
| $ 4,100,000 | $ 4,000,000 | $ 5,400,000 | $ 5,135,000 | $ 3,990,000 | $ 9,665,000 | $ 13,640,000 |
| $ 145,550 | $ 173,075 | $ 196,837 | $ 177,000 | $ 126,850 | $ 319,500 | $ 401,450 |

# 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 | $ 4,300,000 | $ 10,080,000 | $ 5,255,000 | $ 4,385,000 |
| Interest paid during current year | $ 116,037 | $ 255,825 | $ 142,312 | $ 128,125 |

**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 |
| $ 2,100,000 | $ 5,260,000 | $ 6,805,000 | $ 6,435,000 | $ 2,300,000 | $ 100,390,000 |
| $ 68,306 | $ 151,731 | $ 195,937 | $ 75,504 | $ 28,977 | $ 2,997,258 |

# 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 | 6,010,773 | 5,996,603 | 6,011,919 | 5,288,494 | 4,383,859 |
| **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 | 4,334,994 | 4,535,664 | 6,885,909 | 4,129,141 | 2,900,262 |
| **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** | 6,053,541 | 3,706,607 | 4,546,967 | 3,335,751 | 1,852,154 |
| **Fund Balance, End of Year** | $ 7,747,320 | $ 6,053,541 | $ 3,706,607 | $ 4,546,967 | $ 3,335,751 |
| **Total Active Retail Water Connections** | 2,169 | 2,155 | 2,140 | 2,091 | 1,798 |
| **Total Active Retail Wastewater Connections** | 2,066 | 2,056 | 2,043 | 2,001 | 1,731 |

**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 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | |
| 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 | - |
| 72.1 | 75.6 | 114.6 | 78.1 | 66.2 |
| | | | | |
| 27.9 % | 24.4 % | (14.6) % | 21.9 % | 33.8 % |

# 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 | 7,636,842 | 7,517,892 | 6,621,473 | 4,657,476 | 3,041,994 |
| **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 | 6,919,425 | 6,344,676 | 5,595,889 | 3,648,083 | 1,756,597 |
| **Excess of Revenues Over Expenditures** | 717,417 | 1,173,216 | 1,025,584 | 1,009,393 | 1,285,397 |
| **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 | 0 | 112,219 | 377,886 | 785,100 | 335,650 |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 717,417 | 1,285,435 | 1,403,470 | 1,794,493 | 1,621,047 |
| **Fund Balance, Beginning of Year** | 8,425,676 | 7,140,241 | 5,736,771 | 3,942,278 | 2,321,231 |
| **Fund Balance, End of Year** | $ 9,143,093 | $ 8,425,676 | $ 7,140,241 | $ 5,736,771 | $ 3,942,278 |

| 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 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 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 | - | - |
| 90.6 | 84.4 | 84.5 | 78.3 | 57.7 |
| 9.4 % | 15.6 % | 15.5 % | 21.7 % | 42.3 % |

# 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<br>Coats Rose, P.C.<br>9 Greenway Plaza, Suite 1000<br>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 |
| Coats Rose, P.C. | 08/29/07 | 66,210<br>210,455 | General Counsel<br>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 |
| Masterson Advisors LLC | 04/23/18 | 175,979 | Financial Advisor |
| Patsy Schultz | 06/23/08 | 1,006 | Tax Assessor/ Collector |
| **Investment Officer** | | | |
| Debra R. Loggins | 08/29/07 | N/A | Bookkeeper |

# APPENDIX B

## Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.



ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100