OFFICIAL STATEMENT DATED MAY 21, 2020

In the opinion of The Muller Law Group PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

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

NEW ISSUE - Book-Entry-Only

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: Moody's "A1"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$2,970,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 128
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2020

Dated: June 1, 2020 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds will accrue from June 1, 2020 and be payable on September 1, 2020 (three months of interest) and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to 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 directly to DTC, which will, in tum, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

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 BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "MUNICIPAL BOND INSURANCE" herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2021	$ 150,000	4.00 %	0.95 %	34680C JL4	2027	$ 160,000 (c)	3.00 %	1.65 %	34680C JS9
2022	155,000	4.00	1.05	34680C JM2	2028	160,000 (c)	2.00	1.88	34680C JT7
2023	155,000	4.00	1.15	34680C JN0	***	***	***	***	***
2024	160,000	4.00	1.25	34680C JP5	2035	395,000 (c)	2.25	2.25	34680C JX8
2025	160,000	4.00	1.35	34680C JQ3	2036	390,000 (c)	2.25	2.29	34680C JY6
2026	160,000	4.00	1.50	34680C JR1					

$315,000 Term Bonds due September 1, 2030 (c), 34680C JU4 (b), 2.00% Interest Rate, 1.95% Yield (a)
$310,000 Term Bonds due September 1, 2032 (c), 34680C JV2 (b), 2.25% Interest Rate, 2.05% Yield (a)
$300,000 Term Bonds due September 1, 2034 (c), 34680C JW0 (b), 2.25% Interest Rate, 2.20% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from June 1, 2020, is to be added to the price.
(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau, managed by S&P Global Market Intelligence, 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) The Bonds maturing on or after September 1, 2027 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. 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 Fort Bend County Municipal Utility District No. 128 (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 located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 24, 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, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478, upon payment of duplication costs.

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 and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer .... Fort Bend County Municipal Utility District No. 128 (the "District"), a political subdivision of the State of Texas, is located within the extraterritorial jurisdiction of the City of Sugar Land, in Fort Bend County, Texas. See "THE DISTRICT."

The Issue .... $2,970,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on September 1 in each of the years 2021 through 2028, both inclusive, and 2035 through 2036, both inclusive, and as term bonds on September 1 in each of the years 2030, 2032, and 2034 (the "Term Bonds") and in the principal amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from June 1, 2020 and is payable on September 1, 2020 (three months of interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

The Bonds maturing on and after September 1, 2027 are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2026, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."

Source of Payment .... The Bonds are payable from an 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 the State of Texas, Fort Bend County, the City of Sugar Land, or any other political subdivision or agency other than the District. See "THE BONDS—Source of and Security for Payment."

Payment Record .... The District has previously issued eight series of unlimited tax bonds and one series of unlimited tax refunding bonds, of which $92,720,000 is outstanding as of April 1, 2020 (the "Outstanding Bonds"). The District has never defaulted in the timely payment of principal and interest on the Outstanding Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."

Use of Proceeds .... Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $2,900,000 of the District's Outstanding Bonds in order to achieve annual and net present value 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, $89,820,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "PLAN OF FINANCING—Refunded Bonds," "—Sources and Uses of Funds" and "FINANCIAL STATEMENT—Outstanding Bonds."

Qualified Tax-Exempt Obligations .... The Bonds have been designated "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Municipal Bond Rating and Municipal Bond Insurance .... It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") will assign a municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company. Moody's Investors Service, Inc. (Moody's) has also assigned an underlying rating to the District of "A1" on the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Bond Counsel .... The Muller Law Group, PLLC, Sugar Land, Texas.

Financial Advisor .... Masterson Advisors LLC, Houston, Texas.

District Engineer .... Costello, Inc., Houston, Texas.

Underwriter's Counsel.................. McCall, Parkhurst & Horton, LLP, Houston, Texas.

Escrow Agent .... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Verification Agent......................... Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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

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

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

HURRICANE HARVEY

General .... The greater Houston area 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.

Impact on the District .... According to the District's Operator, the District's System sustained no material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the District's Operator and Engineer, approximately 12 homes within the District experienced flooding or other material damage as a result of Hurricane Harvey. Such damage was likely caused by rainfall accumulation in excess of design criteria required for the District's storm water conveyance system.

If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to 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 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 would be adversely affected. See "INVESTMENT CONSIDERATIONS—Recent Weather Events; Hurricane Harvey."

THE DISTRICT

Description .... Fort Bend County Municipal Utility District No. 128 (the "District") was created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated January 17, 2006. The District presently contains approximately 1,768 acres of land located in the southwest portion of Fort Bend County approximately 21 miles southwest from downtown Houston, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Sugar Land ("Sugar Land" or the "City") with the exception of approximately 67 acres of undevelopable land located within the corporate limits of the City of Sugar Land. See "AERIAL PHOTOGRAPH" herein.

Riverstone .... The District is part of the approximately 3,859-acre master planned community known as "Riverstone." The District is one of four municipal utility districts that serve Riverstone. At full development, Riverstone is projected to include single family, multi-family, townhome, institutional (churches, schools, etc.) and commercial development. Recreational amenities within Riverstone include walking trails throughout the community, three recreation centers with facilities including a 9,000 square foot clubhouse with fitness and ballroom facilities, a pool, splash pad, activity pool and playgrounds, a dog park, a pavilion, ten tennis courts and a fishing pier for use by Riverstone residents.

Status of Development .... Development activities in the District began in 2007. The District currently includes approximately 1,410 developed acres of single-family residential development (3,019 lots.) As of April 28, 2020, the District contained 2,806 single-family homes completed and occupied, 16 single-family homes completed and not occupied, 151 single-family homes in various stages of construction and 46 vacant developed lots.

The remainder of the District is comprised of approximately 13 acres on which a 249-unit apartment complex has been constructed and approximately 18 acres on which a 351-unit apartment complex has been constructed. Approximately 75 acres within the District are served with trunk utilities for commercial development including approximately 62 acres upon which multiple retail shopping centers, a CVS, a day care, a gas station/convenience store with attached retail, a self-storage facility and a 140,000 square foot shopping center anchored by a Kroger grocery store have been constructed. An elementary school has been constructed on approximately 15 acres. In addition, approximately 33 acres have been developed as a recreation center/parks and open spaces, and approximately 204 acres are undeve1opable (detention and drainage facilities, street right-of-way and lift station site). See "THE DISTRICT."

Homebuilders .... Homebuilders actively building within the District are: Darling Homes, Meritage Homes and Taylor Morrison Homes. New homes in the District range in offering prices from approximately $400,000 to over $1,000,000.

Flood Protection and Drainage Facilities.................... Flood protection for all of the land within the District and the majority of Riverstone is provided by Fort Bend County Levee Improvement District No. 15 ("LID 15"). The boundaries of LID 15 encompass approximately 2,398 acres. A levee system, which together with other LID 15 improvements, has removed approximately 2,398 acres within the LID boundaries, including all of the land within the District, from the 100-year floodplain designation of the Brazos River.

To date, LID 15 has issued nineteen series of bonds, of which $105,230,000 in principal amount is outstanding. The LID 15 bonds are payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within its boundaries, which includes all of the land within the District. For 2019, LID 15 levied a tax rate of $0.53 per $100 assessed valuation. It is anticipated that LID 15 will issue bonds in the foreseeable future to reimburse the developers of land in its boundaries for the costs of LID 15 facilities either constructed or currently being constructed, as well as facilities to be constructed in the future. LID 15 has filed an application with the TCEQ for approval to sell $9,300,000 unlimited tax park bonds and expects to sell such bonds in the fall 2020. See "ESTIMATED OVERLAPPING DEBT STATEMENT."

Additional flood protection improvements and drainage outfall structures will be necessary for development of the remaining acreage in the District and in the undeveloped portions of LID 15 that are not in the District. See "THE SYSTEM—Flood Protection."

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."

SELECTED FINANCIAL INFORMATION

2019 Certified Taxable Assessed Valuation	$1,710,987,194	(a)
2020 Preliminary Taxable Assessed Valuation	$1,941,625,275	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$92,790,000	(c)
Estimated Overlapping Debt	128,481,330	(d)
Gross Debt and Estimated Overlapping Debt	$221,271,330	
Ratios of Gross Debt to:		
2019 Certified Taxable Assessed Valuation	5.42%	
2020 Preliminary Taxable Assessed Valuation	4.78%	
Ratios of Total Gross Debt and Estimated Overlapping Debt to:		
2019 Certified Taxable Assessed Valuation	12.93%	
2020 Preliminary Taxable Assessed Valuation	11.40%	
Operating Fund Balance as of April 27, 2020	$10,876,040	
Capital Projects Fund Balance as of April 27, 2020	$961,172	
Debt Service Fund Balance as of April 27, 2020	$10,876,910	(e)
2019 Tax Rate:		
Debt Service	$0.39	
Maintenance and Operations	0.10	
Total District Tax Rate	$0.49	
LID 15 Tax Rate	0.53	(c)
Total Combined District and LID 15 Tax Rate	$1.02	
Average percentage of total tax collections (2015-2019)	99.39%	
Maximum Annual Debt Service Requirements (2021) of the Bonds and the Remaining Outstanding Bonds ("Maximum Requirement")	$7,076,193	(f)
Average Annual Debt Service Requirements (2020-2041) of the Bonds and the Remaining Outstanding Bonds ("Average Annual Requirement")	$5,701,302	(f)
Tax rate required to pay Maximum Annual Requirement based upon:		
2019 Certified Taxable Assessed Valuation at a 95% collection rate	$0.44	
2020 Preliminary Taxable Assessed Valuation at a 95% collection rate	$0.39	
Tax rate required to pay Average Annual Requirement based upon:		
2019 Certified Taxable Assessed Valuation at a 95% collection rate	$0.36	
2020 Preliminary Taxable Assessed Valuation at a 95% collection rate	$0.31	
Water Connections as of April 28, 2020:		
Single-family residential – completed and occupied	2,806	
Single-family residential – vacant	16	
Single-family residential – under construction	151	
Multi-Family (600 units)	21	
Commercial	25	
Other Connections	265	
Total	3,280	

Estimated 2020 Population – 11,021 (g)

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District") as of January l, 2019. See 'TAX PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2020 taxable value (as of January 1, 2020). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2020. See "TAX PROCEDURES."
(c) After the issuance of the Bonds and the refunding of the Refunded Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
(d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(e) $18,000 of available debt service funds will be contributed to the refunding. See "PLAN OF FINANCING—Sources and Uses of Funds." Neither Texas law nor the Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund.
(f) See "DEBT SERVICE REQUIREMENTS."
(g) Based on 3.5 persons per single family connection and 2 persons per apartment unit.

OFFICIAL STATEMENT

$2,970,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 128
(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX REFUNDING BONDS
SERIES 2020

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 128 (the "District") of its $2,970,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), and an election held within the District.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about 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 the District upon payment of the costs of duplication therefor.

PLAN OF FINANCING

Purpose

At a bond election held within the District on May 12, 2007, the voters of the District authorized the issuance of a total of $123,450,000 principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities and refunding of such bonds. The District currently has $92,720,000 principal amount of bonds outstanding (the "Outstanding Bonds").

The proceeds of the Bonds, together with other lawfully available District funds, are being used to currently refund and defease a portion of the District's Unlimited Tax Bonds, Series 2013 totaling $2,900,000 (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." A total of $89,820,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds"). See "FINANCIAL STATEMENT—Outstanding Bonds."

Refunded Bonds

Proceeds of the Bonds and lawfully available District funds, will be applied to refund and defease 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		Series 2013
2021		$ 150,000
2022		150,000
2023		150,000
2024		150,000
2025		150,000
2026		150,000
2027		150,000
2028		150,000
2029		150,000
2030		150,000
2031		150,000
2032	(a)	150,000
2033	(a)	150,000
2034	(a)	150,000
2035	(a)	400,000
2036	(a)	400,000
		$ 2,900,000

Redemption Date: September 1, 2020

(a) Represents term bonds in the total principal amount of $1,250,000, scheduled to mature on September 1, 2036.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, together with other lawfully available District funds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$2,970,000.00
Plus: Net Premium on the Bonds	108,611.50
Plus: Transfer from Debt Service Fund	18,000.00
Total Sources of Funds	$3,096,611.50
Uses of Funds:	
Deposit to Escrow Fund	$2,951,910.72
Issuance Expenses and Underwriters' Discount (a)	144,700.78
Total Uses of Funds	$3,096,611.50

(a) Includes municipal bond insurance premium.

Escrow Agreement and 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 The Bank of New York Mellon Trust Company, Dallas, Texas, as escrow agent (the "Escrow Agent").

The Bond Resolution provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to provide for the discharge and defeasance of the Refunded Bonds. The Bond Resolution further provides that from the proceeds of the sale of the Bonds and other lawfully available District funds, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and used to purchase United States Treasury Obligations (the "Escrowed Securities"). At the time of delivery of the Bonds, Public Finance Partners LLC, will verify to the District, the Escrow Agent and the Underwriter that the Escrowed Securities are sufficient in principal amount and are scheduled to mature at such times and to yield interest in such amounts, together with uninvested funds, if any, in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds. By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution 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 amounts so deposited, and the amounts so deposited and invested in the Escrow Fund will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($2,900,000 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			Total Debt Service Requirements
			Principal	Interest	Total	
2020	$ 7,073,257	$ 52,469	$ -	$ 20,822	$ 20,822	$ 7,041,610
2021	7,097,843	254,938	150,000	83,288	233,288	7,076,193
2022	7,047,213	250,813	155,000	77,288	232,288	7,028,688
2023	6,713,238	246,313	155,000	71,088	226,088	6,693,013
2024	6,651,953	241,813	160,000	64,888	224,888	6,635,028
2025	6,594,765	237,125	160,000	58,488	218,488	6,576,128
2026	6,534,878	232,250	160,000	52,088	212,088	6,514,715
2027	6,469,815	227,188	160,000	45,688	205,688	6,448,315
2028	6,406,540	221,938	160,000	40,888	200,888	6,385,490
2029	6,330,919	216,688	160,000	37,688	197,688	6,311,919
2030	6,260,174	211,250	155,000	34,488	189,488	6,238,411
2031	6,161,316	205,625	155,000	31,388	186,388	6,142,079
2032	6,062,916	200,000	155,000	27,900	182,900	6,045,816
2033	5,982,216	194,000	150,000	24,413	174,413	5,962,629
2034	5,867,654	188,000	150,000	21,038	171,038	5,850,691
2035	5,780,766	432,000	395,000	17,663	412,663	5,761,429
2036	5,650,844	416,000	390,000	8,775	398,775	5,633,619
2037	5,115,906	-	-	-	-	5,115,906
2038	4,997,914	-	-	-	-	4,997,914
2039	3,873,031	-	-	-	-	3,873,031
2040	2,347,188	-	-	-	-	2,347,188
2041	748,844	-	-	-	-	748,844
Total	$ 125,769,187	$ 4,028,406	$ 2,970,000	$ 717,872	$ 3,687,872	$ 125,428,653

Average Annual Debt Service Requirements (2020-2041) $5,701,302
Maximum Annual Debt Service Requirements (2021).......... $7,076,193

THE BONDS

General

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

The Bonds will be dated and accrue interest from June 1, 2020 and are payable on each September 1 and March 1 commencing September 1, 2020 (three months of interest), until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on May 12, 2007, the voters of the District authorized the issuance of a total of $123,450,000 principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities and refunding of such bonds. After sale of the Bonds, the District will have $18,690,000 principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds authorized but unissued. See "THE BONDS—Issuance of Additional Debt."

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended. Before the Bonds can be issued, the Attorney General of Texas must pass on 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. See "LEGAL MATTERS—Legal Opinions."

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

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

Funds

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund. Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2030, 2032 and 2034 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced, at the option of the District, 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):

$315,000 Term Bonds Due September 1, 2030		$310,000 Term Bonds Due September 1, 2032		$300,000 Term Bonds Due September 1, 2034	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2029	$ 160,000	2031	$ 155,000	2033	$ 150,000
2030 (maturity)	155,000	2032 (maturity)	155,000	2034 (maturity)	150,000

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2026, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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 fewer than all the Bonds outstanding within any one maturity 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 that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

The Bank of New York Mellon Trust Company, N.A., is the initial paying agent/registrar (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") for the Bonds. 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 Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will only be transferred in accordance with the procedures described herein under "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution 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 is 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, stolen or destroyed, 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 bond. 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 may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT—General." The District's voters have authorized the issuance of a total of $123,450,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds and could authorize additional amounts. Following the issuance of the Bonds, the District will have $18,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds authorized but unissued.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. The District has approved a fire plan that consists of a contract with the City to provide service to the District. This contract requires the District to pay a monthly fee for such service. The District does not plan to issue bonds for this purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) amendment to the District's existing fire plan and approval of the issuance of bonds for such purpose by the qualified voters in the District; (c) approval of the amended fire plan and issuance of bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park projects and bonds by the Commission; and (e) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has no current plans to hold an election or sell park bonds.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the Commission, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the Commission for "road powers" nor calling such an election at this time.

Annexation by the City of Sugar Land and Strategic Partnership Agreement

The District lies partially within the limited purpose corporate limits and wholly within the extraterritorial jurisdiction of the City and may be annexed by the City under certain circumstances. Under general law, with certain exceptions, annexation of land by the City is subject to three procedures that allow for annexation: (i) on request of a landowner; (ii) for areas with a population of less than 200, by petition of voters and, if voter petitioners do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area; or (iii) for areas with a population of 200 or more, by election of voters and, if voters do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area. However, the foregoing provisions do not apply to areas that are subject to a Strategic Partnership Agreement under Section 43.0751, Texas Local Government Code.

The District and the City have previously entered into a Strategic Partnership Agreement, effective May 3, 2011 ("SPA"). Under the SPA, the City agreed not to annex the property in the District for full or limited purposes until 90% of the developable acreage within the District has been developed with water, wastewater, and drainage facilities and the developers within the District have been reimbursed by the District to the maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement.

Pursuant to the SPA, if the District is annexed and not dissolved within 120 days of annexation, the District will continue as a limited district, under Section 43.0751, Texas Local Government Code, until dissolved by the earlier of (i) action of the City or (ii) 10 years after the date of annexation. Upon dissolution, the City will assume the District's assets and obligations (including any outstanding Bonds). Annexation of property by the City is a policy-making matter within the discretion of the governing body of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

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

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 Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, 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 Resolution. Except for mandamus, the Bond Resolution 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 Resolution 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 Resolution 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 or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, not withstanding the fact that such investment quality as currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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 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 do so 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, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to each series of the Bonds, one fully-registered Bond certificate will be issued of each such series for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The 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 neither the District nor the Underwriter take any responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a municipal utility district created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated January 17, 2006, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes applicable to municipal utility districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Sugar Land, Texas with the exception of approximately 67 acres of undevelopable land located within the corporate limits of the City of Sugar Land.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. Additionally, the District may, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. Further, the District could seek approval by the Texas Legislature to acquire road powers.

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

Description and Location

The District contains approximately 1,768 acres of land. The District is located approximately 21 miles southwest of downtown Houston. The District is located approximately 3 miles south of U.S. Highway 59 (the "Southwest Freeway") and is accessible via the Southwest Freeway to Texas State Highway 6, and then south to the Riverstone entrances. See "AERIAL PHOTOGRAPH."

Riverstone

The District is part of the approximately 3,700-acre master planned community known as "Riverstone." The District is one of four municipal utility districts serving development in Riverstone. At full development, Riverstone is projected to include single family, multi family, townhome and commercial development. Development of Riverstone began in 2001 in Fort Bend County Municipal Utility District No. 115 ("MUD 115") and subsequently in Fort Bend County Municipal Utility District No. 129 ("MUD 129") in 2004 and Fort Bend County Municipal Utility District No. 149 ("MUD 149") in 2007. Development activities in the District began in 2007.

Land Use

Single-Family Residential	Approximate Acres	Lots
Alden Springs:		
Section 1	15	40
Section 2	15	42
Auburn Manor at Riverstone:		
Section 1	16	55
Section 2	21	73
Section 3	23	70
Avalon at Riverstone:		
Section 1	47	86
Section 2	32	70
Section 3	26	75
Section 4	49	61
Section 5	30	63
Section 6	27	68
Section 7	11	10
Section 8	22	79
Section 9	26	60
Section 10A	28	62
Section 10B	15	33
Section 11A	10	10
Section 11B	40	67
Section 12A	11	31
Section 12B	14	50
Section 12C	12	42
Section 14	42	77
Section 15A	17	24
Section 15B, Phase 1	4	7
Section 15B, Phase 2	14	31
Section 16A	15	35
Section 16B	19	27
Section 17	18	33
Section 18A	14	35
Section 18B	23	62
Section 19	44	66
Section 20	42	97
Section 21	24	84
Section 22	43	71
Section 23	16	10
Section 24A	8	21

Edgewood at Riverstone:		
Section 1	15	44
Section 2	24	69
Enclave, Section 1	20	32
Ivory Ridge at Riverstone Section 1	34	102
Ivy Bend at Riverstone	11	10
Majestic Pointe at Riverstone	18	27
Marble Bend at Riverstone:		
Section l	25	26
Section 2	14	39
Section 3	12	36
Olive Hill at Riverstone	20	45
Pecan Ridge at Rivcrstone	32	50
Prestwick	48	62
Providence at Riverstone:		
Section 1	8	27
Section 2	10	30
Riverstone North:		
Section 1	19	65
Section 2	16	42
Section 3	18	63
Section 4	14	51
Section 5	12	34
Section 6	6	14
Section 7	9	8
Sanders Glen at Riverstone	32	90
Silver Grove at Riverstone:		
Section l	11	20
Section 2	23	43
The Island at Riverstone	53	9
The Villas	10	40
Vintage Trail at Riverstone	29	55
Waterside at Riverstone	13	18
Whisper Rock	21	41
Subtotal	1,410	3,019
Multi-family (a)	31	
Commercial (b)	75	
Elementary School	15	
Recreation Center/Parks and Open Spaces (c)	33	
Non-Developable (d)	204	
Totals	1,768	3,019

(a) Includes a 249-unit apartment complex on approximately 13 acres and a 351-unit apartment complex on approximately 18 acres.
(b) See "Status of Development–Commercial Development."
(c) Includes a 17-acre recreation center. See "Status of Development—Community Facilities."
(d) Includes detention and drainage facilities, street right-of-way and lift station site.

Status of Development

Single-Family Residential: Home construction in the District began in January 2008, and as of April 28, 2020, the District contained 2,806 single-family homes completed and occupied, 16 single-family homes completed and not occupied, 151 single-family homes in various stages of construction and 46 vacant lots.

Homebuilding: Homebuilders actively building within the District are: Darling Homes, Meritage Homes and Taylor Morrison Homes. New homes in the District range in offering prices from approximately $400,000 to over $1,000,000.

Multi-Family Residential: A 249-unit apartment complex, The Retreat at Riverstone, has been constructed on approximately 13 acres in the District. Additionally, a 351-unit apartment complex, Stella at Riverstone, has been constructed on approximately 18 acres in the District.

Commercial Development: Approximately 75 acres within the District are served with trunk utilities for commercial development including approximately 62 acres upon which multiple retail shopping centers, a CVS, a day care, a gas station/convenience store with attached retail, a self-storage facility and a 140,000 square foot shopping center anchored by a Kroger grocery store have been constructed.

Community Facilities: The Original Developers have constructed an information center and recreational amenities which include walking trails and three recreation centers with facilities, including a 9,000 square foot clubhouse with fitness and ballroom facilities, a pool, splash pad, activity pool and playgrounds, a dog park, a pavilion, ten tennis courts and a fishing pier for use by Riverstone residents.

Additional community facilities are located in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located within two miles of the District along areas adjacent to State Highway 6 and US Highway 59. Fire protection for the District is provided by the City of Sugar Land's Fire Department. Medical care for District residents is available from two hospitals which are within 10 miles of the District. The land within the District is located within the boundaries of Fort Bend Independent School District, and children within the District attend elementary, middle and high schools of Fort Bend Independent School District located within three miles of the development in the District. See “INVESTMENT CONSIDERATIONS—Recent Extreme Weather; Hurricane Harvey.”

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are elected by the voters within the District for four-year staggered terms. Directors' elections are held only in even numbered years. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Michael Cabiro	President	May 2024
Travis Van Horn	Vice President	May 2022
Haley Millis	Secretary	May 2022
Ketal Mirchandani	Assistant Vice President/Treasurer	May 2024
Kunal Seth	Assistant Secretary	May 2024

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Fort Bend Central Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Tax Tech, Inc. is currently serving in this capacity for the District.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, LP to serve as the District's bookkeeper.

System Operator

The District contracts with Si Environmental, LLC for maintenance and operation of the District's water and sewer system.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Costello, Inc. (the “Engineer”).

Attorney

The District has engaged The Muller Law Group, PLLC, as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are earned upon the sale and delivery of the Bonds.

Financial Advisor

Masterson Advisors LLC (the “Financial Advisor”) serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Auditor

The District's audited financial statements for the fiscal year ending July 31, 2019 have been prepared by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District's July 31, 2019 audited financial statement.

THE SYSTEM

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

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District obtains wholesale water supply from the City of Sugar Land (the “City”) pursuant to a Water Supply and Wastewater Services Contract (the “Utility Agreement”) between the District and the City, All water production facilities are owned and maintained by the City, According to the City, the City's water plant facilities which serve the District consists of 32,950 gallons per minute (“gpm”) of well capacity, a 9.0 gpm surface water treatment plant, 14,450,000 gallons of ground storage tank capacity, booster pumps totaling 72,600,000 gallons per day capacity, 6,200,000 gallons of elevated storage tank capacity and appurtenant equipment. According to the Utility Agreement, the District has the right to purchase capacity from the City through connection fees as property is platted. Proceeds from the Outstanding Bonds were used to purchase 3,439 equivalent single-family connections. The District has an emergency water interconnect with Fort Bend County Municipal Utility District No. 129. The District currently serves approximately 2,929 single-family homes constructed or under construction.

The District has constructed and conveyed to the City of Sugar Land for ownership and operation of a 2.0 million gallons per day tertiary treatment plant to produce Type I effluent for the purpose of providing irrigation water and lake make up water to property within the District. The plant consists of cloth filters and tanks, 200,000 gallons of ground storage, 2,000 gpm booster pump capacity and 10,000 gallons of hydropneumatic tank capacity with associated appurtenances,

Subsidence and Conversion to Surface Water Supply: The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal, including the water supplied to the District by the City. The City'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 area within the District.

The Subsidence District's regulations require the City, individually or collectively with other water users, to: (i) have prepared a groundwater reduction plan ("GRP") and obtained certification of the GRP from the Subsidence District; (ii) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the GRP, beginning January 2014; and (iii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the GRP, beginning January 2025. The City has prepared and filed its GRP with the Subsidence District.

If the City of Sugar Land, together with the participants in its GRP, fails to comply with the above Subsidence District regulations, such entities will be subject to a $6.50 per 1,000 gallons disincentive fee penalty imposed by the Subsidence District for any groundwater withdrawn in excess of 70% of the total annual water demand after January 2014 (40% in 2025).

The GRP fee for the District that is currently being charged by the City of Sugar Land is $2.26 per 1,000 gallons pumped, and this fee is passed through to the District's customers as part of the District's standard monthly water and sewer bills. The rate is anticipated to increase in the future and the District cannot predict the amount or level of fees and charges which may be due to the City of Sugar Land in the future. The District may continue to pass such fees through to its customers through higher water rates or the District may pay for such fees with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the City of Sugar Land: (i) will build the necessary facilities to continue to meet the requirements of the Subsidence District for conversion to surface water, or (ii) will continue to comply with the Subsidence District's surface water conversion requirements.

Source of Wastewater Treatment: The District obtains its wastewater treatment services from the City of Sugar Land (the "City") pursuant to the Utility Agreement between the District and the City. All wastewater treatment facilities are owned and maintained by the City, The Plant is designed to have an ultimate capacity of 10.0 million gallons per day ("GPD"), The District has contracted for 4,532 equivalent single family connections (or approximately l.359 million GPD, which amount is, in the opinion of the District's Engineer, sufficient capacity for ultimate build-out in the District, The Plant currently has a capacity of 7.5 million GPD. Proceeds from the Outstanding Bonds were used to purchase 3,439 equivalent single-family connections.

Flood Protection: Flood protection for land within the District and the majority of Riverstone is provided by LID 15, The boundaries of LID 15 encompass approximately 2,398 acres. Hillsboro Estates and Sugar Land Ranch Development, LLC financed the construction of the levee, which together with other LID 15 improvements removed approximately 2,398 acres within LID 15's boundaries, including all of the land within the District, from the 100-year floodplain designation of the Brazos River. According to the District's Engineer and Operator, the LID 15 levee surrounding the District performed as designed throughout the weather events resulting from Hurricane Harvey. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather; Hurricane Harvey."

An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. If substantial or frequent flooding of homes were to occur in the District, property values could be reduced and the marketing of homes and the future growth of property values in the District could be adversely affected. At the time of construction, LID 15's levee and drainage system were reviewed and approved by all entities with regulatory jurisdiction over the system. However, the system does not protect against all flooding scenarios. There are at least four instances in which flooding could occur in the District: 1) an overtopping of the levee, 2) a failure (or breach) of the levee system, (3) rainfall in excess of what the drainage system is designed for, or (4) failure of stormwater pumping facilities during coincident river events.

LID 15's levee system is part of a regional perimeter levee system that protects approximately 12,142 acres of property in Fort Bend County. The District, together with 7 other levee improvement districts and municipal utility districts, has entered into an agreement relating to the operation and maintenance of the perimeter levee system to ensure that all participants have constructed and maintain their individual levee systems to meet applicable federal, state and local criteria for flood protection. An overtopping or failure (or breach) of any participant's levee system could result in regionalized flooding for all or part of the area protected by the perimeter levee system. See "INVESTMENT CONSIDERATIONS."

There are three pump stations currently or proposed to serve three separate watersheds within LID 15. The pump station serving the Steep Bank Creek watershed is jointly owned and operated by Fort Bend County Levee Improvement District No. 19 ("LID 19") and LID 15. According to an independent engineer engaged by LID 19 to perform a study following Hurricane Harvey, the firm pumping capacity at this pump station may be insufficient to provide stormwater drainage from a portion of the District during a coincident river event. To address such shortfall LID 15 and LID 19 have, on an interim basis, acquired portable trailer mounted pumps and, on a long term basis, determined to design and construct additional pumping capacity at this pump station.

The design of the levee and pump station systems are subject to regulations set forth by the Fort Bend County Drainage District ("FBCDD"). The current FBCDD regulations are based on previously published rainfall data by the National Weather Service in 1961 (TP-40). Since the publication of TP-40, the National Oceanic and Atmospheric Administration in September 2018 published new rainfall data for Texas in its Atlas 14, Volume 11, report (Atlas 14). Under Atlas 14, increased rainfall frequency values may require additional drainage improvements to meet FBCDD infrastructure design requirements and floodplain regulations. At this time, FBCDD has adopted interim regulatory requirements for infrastructure design incorporating Atlas 14 data. Additional regulatory changes may be forthcoming. If additional regulatory changes are adopted, LID 15 may evaluate its current drainage systems and chose to expand or improve its facilities to be more resilient under the new rainfall data; however, there are no current requirements that existing infrastructure be modified or improved. LID 15 has no cost estimates for such improvements.

Based upon the current Flood Insurance Rate Map panel dated April 2, 2014, Flood Insurance Rate Maps of Federal Emergency Management Agency ("FEMA"), all of the developable land within the District that is located inside the boundaries of LID 15 has been removed from the 100-year floodplain of the Brazos River,

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
05/12/2007	Water, Sanitary Sewer and Drainage and Refunding	$123,450,000	$104,760,000*	$18,690,000*

* Includes the Bonds.

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FINANCIAL STATEMENT

2019 Certified Taxable Assessed Valuation	$1,710,987,194	(a)
2020 Preliminary Taxable Assessed Valuation	$1,941,625,275	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$92,790,000	(c)
Estimated Overlapping Debt	128,481,330	(d)
Gross Debt and Estimated Overlapping Debt	$221,271,330	
Ratios of Gross Debt to:		
2019 Certified Taxable Assessed Valuation	5.42%	
2020 Preliminary Taxable Assessed Valuation	4.78%	

Area of District – 1,768 acres
Estimated 2020 Population – 11,021 (e)

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District") as of January l, 2019. See "TAX PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2020 taxable value (as of January 1, 2020). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2020. See "TAX PROCEDURES."
(c) After the issuance of the Bonds and the refunding of the Refunded Bonds. See "—Outstanding Bonds" herein.
(d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(e) Based on 3.5 persons per single family connection and 2 persons per apartment unit.

Cash and Investment Balances (unaudited as of April 27, 2020)

Operating Fund	Cash and Temporary Investments	$10,876,040	
Capital Projects Fund	Cash and Temporary Investments	$961,172	
Debt Service Fund	Cash and Temporary Investments	$10,876,910	(a)

(a) $18,000 of available debt service funds will be contributed to the refunding. See "PLAN OF FINANCING—Sources and Uses of Funds." Neither Texas law nor the Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund.

Outstanding Bonds (as of April 1, 2020)

The following table lists the original principal amount of Outstanding Bonds, and the current principal balance 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	$ 3,045,000	$ -	$ -	$ -
2013	3,950,000	3,050,000	2,900,000	150,000
2014	14,220,000	12,400,000	-	12,400,000
2015	21,760,000	19,010,000	-	19,010,000
2016	26,650,000	23,275,000	-	23,275,000
2017	17,450,000	15,750,000	-	15,750,000
2018	11,450,000	10,725,000	-	10,725,000
2019 (a)	2,530,000	2,500,000	-	2,500,000
2020	6,010,000	6,010,000	-	6,010,000
Total	$ 107,065,000	$ 92,720,000	$ 2,900,000	$ 89,820,000
The Bonds				2,970,000
The Bonds and the Remaining Outstanding Bonds				$ 92,790,000

(a) Unlimited Tax Refunding Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Fort Bend County………………………………….	$ 594,872,527		1/31/2020	1.74%	$ 10,350,782
Fort Bend Independent School District…………	1,092,173,767		1/31/2020	3.35%	36,587,821
Fort Bend County LID 15………………………….	105,230,000		1/31/2020	77.49%	81,542,727
Total Estimated Overlapping Debt……………….					$ 128,481,330
The District………………………………………….	92,790,000	(a)	Current	100.00%	92,790,000
Total Direct and Estimated Overlapping Debt………					$ 221,271,330
Ratio of Estimated Direct and Overlapping Debt to the 2019 Certified Taxable Assessed Valuation…………					12.93%
Ratio of Estimated Direct and Overlapping Debt to the 2020 Preliminary Taxable Assessed Valuation…………					11.40%

(a) Includes the Remaining Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2019

	2019 Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County (including Drainage District)……………	$ 0.46000
Fort Bend Independent School District…………………….	1.27000
Fort Bend County LID 15…………………………………….	0.53000
Total Overlapping Tax Rate………………………………….	$ 2.26000
The District……………………………………………………	0.49000
Total Tax Rate………………………………………………..	$ 2.75000

TAX DATA

Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2020 (a) Amount	Percent
2015	$ 701,596,391	$ 0.70	$ 4,911,175	$ 4,911,175	100.00%
2016	1,033,503,544	0.70	7,234,525	7,234,385	100.00%
2017	1,313,901,868	0.65	8,540,362	8,531,938	99.90%
2018	1,492,012,615	0.60	8,952,076	8,942,969	99.90%
2019	1,710,608,604	0.49	8,381,981	8,143,933	97.16%

(a) Unaudited.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	$ 0.390	$ 0.450	$ 0.500	$ 0.580	$ 0.605
Maintenance and Operations	0.100	0.150	0.150	0.120	0.095
Total	$ 0.490	$ 0.600	$ 0.650	$ 0.700	$ 0.700

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.00 per $100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution 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. The District levied a debt service tax for 2019 in the amount of $0.39 per $100 of taxable assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on May 12, 2007, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation for levee and drainage facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. For the 2019 tax year, the Board levied a maintenance tax in the amount of $0.10 per $100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2020, the District has granted a $40,000 tax exemption on residential homesteads for persons 65 years of age or older or disabled.

Additional Penalties

The District has contracted with an 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.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2019 Certified Taxable Assessed Valuation of $1,710,987,194. A list of principal taxpayers based upon the 2020 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, is not available.

Taxpayer	Type of Property	2019 Certified Taxable Assessed Valuation	% of 2019 Certified Taxable Assessed Valuation
Stella 351 LLC	Land & Improvements	$ 55,034,900	3.22%
The Retreat at Riverstone LLC	Land & Improvements	27,896,550	1.63%
The Village at Riverstone LLC	Land & Improvements	21,618,300	1.26%
Storage Cap Sugar Land LP	Land & Improvements	12,126,820	0.71%
Darling Homes of Texas LLC	Land, Improvements & Personal	6,883,800	0.40%
Taylor Morrison of Texas Inc.	Land, Improvements & Personal	6,714,040	0.39%
Kroger Texas LP	Personal Property	6,690,270	0.39%
Individual	Land & Improvements	6,521,900	0.38%
River LJ Properties LP	Land & Improvements	4,330,560	0.25%
Wulfe Riverstone Partners LP	Land & Improvements	4,218,304	0.25%
Total		$ 152,035,444	8.89%

Summary of Assessed Valuation

The following summary of the 2019, 2018 and 2017 Certified Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2019, 2018 and 2017 tax rolls of the District. A breakdown of the 2020 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, is not available. Differences in totals may vary slightly from other information herein due to differences in dates of data.

	2019 Certified Taxable Assessed Valuation	2018 Certified Taxable Assessed Valuation	2017 Certified Taxable Assessed Valuation
Land	$ 369,647,076	$ 336,484,516	$ 308,185,856
Improvements	1,365,084,247	1,185,605,835	1,029,602,407
Personal Property	15,806,065	6,258,195	5,193,440
Exemptions	(39,550,194)	(36,281,431)	(29,067,335)
Total	$ 1,710,987,194	$ 1,492,067,115	$ 1,313,914,368

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2019 Certified Taxable Assessed Valuation or 2020 Preliminary Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District's average annual and maximum annual debt service requirements on the Remaining Outstanding Bonds and the Bonds.

Maximum annual debt service requirement (2021)	$7,076,193
$0.44 tax rate on the 2019 Certified Taxable Assessed Valuation of $1,710,987,194 at a 95% collection rate produces	$7,151,926
$0.39 tax rate on the 2020 Preliminary Taxable Assessed Valuation of $1,941,625,275 at a 95% collection rate produces	$7,193,722
Average annual debt service requirement (2020-2041)	$5,701,302
$0.36 tax rate on the 2019 Certified Taxable Assessed Valuation of $1,710,987,194 at a 95% collection rate produces	$5,851,576
$0.31 tax rate on the 2020 Preliminary Taxable Assessed Valuation of $1,941,625,275 at a 95% collection rate produces	$5,718,086

No representations or suggestions are made that the 2020 Preliminary Taxable Assessed Valuation, which is subject to review and downward revision prior to certification, provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See “TAX PROCEDURES.”

TAX 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 Remaining Outstanding Bonds, the 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 Resolution to levy such a tax from year to year as described more fully herein under “THE BONDS—Source of and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA.”

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. The District may be required to offer such an exemption if a majority of voters approves 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. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, effective January 1, 2018, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, 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%) 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 before July 1. 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 fewer 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 is limited to 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 may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, the City and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax 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 appraised valuation of property covered by the agreement over its appraised valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. 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 10 percent annually 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 landowner of qualified open-space land is a member of the U.S. armed forces, subject to certain conditions, the appraisal of the land as qualified open-space does not change while the landowner is deployed or stationed outside of Texas. 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.

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – 15% (minimal damage), Level II – 30% (nonstructural damage), Level III – 60% (significant structural damage), or Level IV – 100% (total loss).

Property owners are entitled to the exemption if the Governor declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration.

The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax 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, except set forth herein with respect to residential homesteads. 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. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District’s tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Rollback of Operation and Maintenance Tax Rate

Under current law, the qualified voters of the District have the right to petition for a rollback of the District’s operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year’s debt service and contract tax rates plus 1.08 times the previous year’s operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

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, except as otherwise indicated, 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. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax surpasses the thresholds for specific classes of districts in SB 2. 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 "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts: Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Other 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 Low Tax Rate District, Developed District or Other District will be made on an annual basis, at the time a district sets its tax rate, 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 rollback 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 each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2019." 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 cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

WATER AND SEWER OPERATIONS

General

The Bonds and the Remaining Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Remaining Outstanding Bonds and the Bonds but are available for any lawful purpose including payment of debt service on the Remaining Outstanding Bonds and the Bonds, at the discretion and upon action of the Board. Land within the District is provided water and sewer service by the entities described in "THE SYSTEM." Consequently, the District's general fund is used primarily for administration.

Waterworks and Sewer Systems Operating Statement

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

	8/1/2019 to 3/31/2020(a)	Fiscal Year Ended July 31			
		2019	2018	2017	2016
Revenues					
Water Service	$ 653,602	$ 854,760	$ 852,415	$ 704,640	$ 581,267
Sewer Service	1,092,728	1,567,362	1,666,571	1,467,483	1,192,763
Fire Service	552,420	752,936	635,454	511,473	415,752
Property Taxes	1,620,197	2,237,735	1,968,594	1,234,945	665,310
Penalty and Interest	32,803	50,183	41,407	31,761	24,683
Tap Connection and Inspection Fees	367,242	463,986	740,274	771,673	684,281
Surface Water Conversion	744,155	997,037	1,098,237	954,218	842,859
Miscellaneous	15,103	23,030	35,468	41,198	42,694
Investment Revenues	116,525	180,764	73,198	14,383	3,626
Total Revenues	$ 5,194,775	$ 7,127,793	$ 7,111,618	$ 5,731,774	$ 4,453,235
Expenditures					
Purchased Services	$ 798,294	$ 1,164,334	$ 1,225,279	$ 1,084,146	$ 788,226
Professional Fees	85,365	121,719	163,770	199,834	194,398
Contracted Services	1,134,643	1,955,716	1,826,874	1,580,714	1,345,864
Repairs and Maintenance	162,813	288,562	333,469	218,442	317,488
Utilities	10,413	11,507	16,891	11,921	17,298
Surface Water Conversion	583,023	844,488	892,282	803,621	850,113
Administrative Expenses	263,585	78,192	74,489	68,525	57,923
Other	134,676	24,705	31,876	32,185	35,014
Total Expenditures	$ 3,172,812	$ 4,489,223	$ 4,564,930	$ 3,999,388	$ 3,606,324
Revenues Over (Under) Expenditures	$ 2,021,963	$ 2,638,570	$ 2,546,688	$ 1,732,386	$ 846,911
Other Sources (Interfund Transfer)	$ -	$ -	$ -	$ -	$ -
Fund Balance (Beginning of Year)	$ 9,279,603	$ 6,641,033	$ 4,094,345	$ 2,361,959	$ 1,515,048
Fund Balance (End of Year)	$ 11,301,566	$ 9,279,603	$ 6,641,033	$ 4,094,345	$ 2,361,959

(a) Unaudited. Provided by the bookkeeper.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, or any other political entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Infectious Disease Outlook (COVID-19)

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

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

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

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

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

Potential Effects of Oil Price Declines on the Houston Area

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

Recent Extreme Weather; Hurricane Harvey

The greater Houston area 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 District's Operator, the District's System sustained no material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the District's Operator and Engineer, approximately 12 homes within the District experienced flooding or other material damage. Such damage was likely caused by rainfall accumulation in excess of design criteria required for the District's storm water conveyance system. See "THE SYSTEM—Flood Protection."

If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to 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 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 would be adversely affected.

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

Specific Flood Type Risks

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

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

Flood Protection: All of the land within the boundaries of the District is protected from the Brazos River flood plain by levees constructed and maintained by LID 15. Based upon the current Flood Insurance Rate Map panel dated April 2, 2014, Flood Insurance Rate Maps of Federal Emergency Management Agency ("FEMA"), all of the developable land within the District has been removed from the 100-year floodplain of the Brazos River.

Flooding Due to Levee Breach or Overtopping: According to LID 15's engineer, at the time of construction LID 15's levee and drainage system were reviewed and approved by all entities with regulatory jurisdiction over the system. However, the levee system does not protect against all flooding scenarios. There are at least four instances in which flooding could occur in the District: 1) an overtopping of the levee, 2) a failure (or breach) of the levee system, (3) rainfall in excess of what the drainage system is designed for, or (4) failure of stormwater pumping facilities during coincident river events.

LID 15's levee system is part of a regional perimeter levee system that protects approximately 12,142 acres of property in Fort Bend County. The District, together with 7 other levee improvement districts and municipal utility districts, has entered into an agreement relating to the operation and maintenance of the perimeter levee system to ensure that all participants have constructed and maintain their individual levee systems to meet applicable federal, state and local criteria for flood protection. An overtopping or failure (or breach) of any participant's levee system could result in regionalized flooding for all or part of the area protected by the perimeter levee system.

An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The "100-year event" means the river elevation which has a statistical 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three feet above the level of a 100-year event.

In addition to the risk of overtopping, a portion of the District would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at flood state of less than the 100-year event. To mitigate the risk, LID 15's performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need to repair.

There are three pump stations currently or proposed to serve three separate watersheds within LID 15. The pump station serving the Steep Bank Creek watershed is jointly owned and operated by Fort Bend County Levee Improvement District No. 19 ("LID 19") and LID 15. According to an independent engineer engaged by LID 19 to perform a study following Hurricane Harvey, the firm pumping capacity at this pump station may be insufficient to provide stormwater drainage from a portion of LID 15 during a coincident river event. To address such shortfall LID 15 and LID 19 have, on an interim basis, acquired portable trailer mounted pumps and, on a long term basis, determined to design and construct additional pumping capacity at this pump station.

The design of the levee and pump station systems are subject to regulations set forth by the Fort Bend County Drainage District ("FBCDD"). The current FBCDD regulations are based on previously published rainfall data by the National Weather Service in 1961 (TP-40). Since the publication of TP-40, the National Oceanic and Atmospheric Administration in September 2018 published new rainfall data for Texas in its Atlas 14, Volume 11, report (Atlas 14). Under Atlas 14, increased rainfall frequency values may require additional drainage improvements to meet FBCDD infrastructure design requirements and floodplain regulations. At this time, FBCDD has adopted interim regulatory requirements for infrastructure design incorporating Atlas 14 data. Additional regulatory changes may be forthcoming. If additional regulatory changes are adopted, LID 15 may evaluate its current drainage systems and chose to expand or improve its facilities to be more resilient under the new rainfall data; however, there are no current requirements that existing infrastructure be modified or improved. LID 15 has no cost estimates for such improvements.

Overlapping Taxes

All of the land within the District is also located within and is provided flood protection by Fort Bend County Levee Improvement District No. 15 ("LID 15"). The debt service on bonds to be issued by LID 15 is paid from ad valorem taxes levied by LID 15, which taxes are in addition to the taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with property located in other real estate developments, the tax rate of the District, LID 15 and other taxing jurisdictions must be combined, LID 15 levied a 2019 tax rate of $0.53 per $100 assessed valuation. The combined tax rate on the property in the District is higher than the combined tax rate presently being levied on property in the general vicinity of the District. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2019." The District can make no representation that taxable property values in the District will maintain value sufficient to support the continued payment of taxes by property owners. It is anticipated that LID 15 will issue bonds over the foreseeable future to reimburse the developers of land in its boundaries for the costs of LID 15 facilities currently being constructed as well as faci1ities to be constructed in the future. LID 15 has filed an application with the TCEQ for approval to sell $9,300,000 unlimited tax park bonds and expects to sell such bonds in the fall 2020. See "FINANCIAL STATEMENT" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

Following issuance of the Bonds, the District will have $18,690,000 principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring or constructing water, sanitary sewer, and drainage facilities and refunding of such bonds. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District to acquire or construct water, sanitary sewer and drainage facilities must be approved by the Commission.

Tax Collection Limitations

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

Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest , or redemption price on the Bonds when due, if it fails to make payments into any fund or funds created in the Bond Resolution, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution , 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 Resolution. Except for mandamus, the Bond Resolution 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 Resolution 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 TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ 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, a District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

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

The District may not be placed into bankruptcy involuntarily.

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 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.

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

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

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

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

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

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Marketability

The District has no agreement 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 generally bought, sold or traded in the secondary market.

Changes in Tax Legislation

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The long-term ratings on the Bonds are dependent in part on the financial strength of 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. See description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "PLAN OF FINANCING—Escrow Agreement and Defeasance of Refunded Bonds," "THE BONDS," "THE DISTRICT—General," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The Muller Law Group, PLLC, also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered 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.

TAX MATTERS

In the opinion of The Muller Law Group PLLC, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 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 these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by Robert W. Baird & Co., Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $3,049,679.38 (representing the par amount of the Bonds of $2,970,000.00, plus a net premium on the Bonds of $108,611.50, less an Underwriter's discount of $28,932.12) 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."

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

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 and the maturing principal of and interest on the Escrowed Securities, to pay, when due, 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.

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.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") will assign a municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company ("BAM" or the "Insurer"). Moody's Investor Service, Inc. (Moody's) has also assigned an underlying rating of "A1" to the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."

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, Build America Mutual Assurance Company ("BAM") 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $459.6 million, $126.1 million and $333.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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 Tax Assessor/Collector, the Appraisal District and information from certain 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 sources other than the District, 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. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" – Costello, Inc. ("Engineer"), and Records of the District ("Records"); "THE SYSTEM" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT" - Fort Bend Central Appraisal District, Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - Tax Tech, Inc.; "MANAGEMENT" - District Directors; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" – The Muller Law Group, PLLC

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the flood protection and in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Costello, 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 assessed 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.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Tax Tech, Inc., and is included herein in reliance upon his authority as an expert in assessing and collecting taxes.

Auditor: The District's audited financial statements for the fiscal year ending July 31, 2019 have been prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's July 31, 2019 audited financial statement.

Bookkeeper: The information related to the "unaudited" summary of the District's Waterworks and Sewer System Operating Statement as it appears in "WATER AND SEWER OPERATIONS" has been provided by Municipal Accounts & Consulting, LP and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

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 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 of Directors 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 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 Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"), or any successor to its functions as a repository through its 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 "THE SYSTEM," "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). 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 so provided shall be prepared in accordance with generally accepted auditing standards 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 of such financial statements is not complete within such period, then the District will provide unaudited financial statements, and audited financial statements when and if such audited financial statements become available.

The District's current fiscal year end is July 31. Accordingly, it must provide updated information by January 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other 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 SEC Rule 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 any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or any obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or any obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from 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 the 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 Registered 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution 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 Underwriter 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

During the last five years, the District has no known failures to comply in all material respects with all continuing disclosure agreements made by it 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. 128, as of the date shown on the cover page.

/s/ Michael Cabiro
President, Board of Directors
Fort Bend County Municipal Utility District No. 128

ATTEST:

/s/ Haley Millis
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 128

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of January 2020)

FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 128
S. UNIVERSITY BLVD.
N

PHOTOGRAPHS OF THE DISTRICT
(Taken January 2020)


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NO PARKING


Kroger


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AISHA'S SALON & SPA
TEXAS STATE OPTICAL


STORE SPACE
STORE SPACE
SELF STORAGE


MAIN SQUEEZE
JUICE CO.
Natural Pawz


Shell

APPENDIX A

District Audited Financial Statements for the fiscal year ended July 31, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 128

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2019

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McGRATH & CO., PLLC
Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors
Fort Bend County Municipal Utility District No. 128
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. 128, as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free of 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 principles 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 to provide a basis for our audit opinions.

Mark W. McGrath, CPA
mark@mcgrath-co.com

Colette M. Garcia, CPA
colette@mcgrath-co.com

Tayo Ilori, CPA, CFE
tayo@mcgrath-co.com

Crystal V. Horn, CPA
crystal@mcgrath-co.com

Opinion

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 Fort Bend County Municipal Utility District No. 128, as of July 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity 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 information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
November 19, 2019

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 128 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2019. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at July 31, 2019, was negative $1,705,686. A comparative summary of the District's overall financial position, as of July 31, 2019 and 2018, is as follows:

	2019	2018
Current and other assets	$ 22,629,803	$ 19,633,425
Capital assets	73,007,048	70,447,348
Total assets	95,636,851	90,080,773
Total deferred outflows of resources	58,464	
Current liabilities	9,845,544	12,376,203
Long-term liabilities	87,555,457	82,123,450
Total liabilities	97,401,001	94,499,653
Net position		
Net investment in capital assets	(17,041,577)	(16,166,197)
Restricted	10,459,795	9,615,059
Unrestricted	4,876,096	2,132,258
Total net position	$ (1,705,686)	$ (4,418,880)

The total net position of the District increased during the current fiscal year by $2,713,194. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2019	2018
Revenues		
Property taxes, penalties and interest	$ 9,051,723	$ 8,633,031
Water and sewer service	2,422,122	2,518,986
Tap connection and inspection	463,986	740,274
Other	2,192,708	1,974,742
Total revenues	14,130,539	13,867,033
Expenses		
Current service operations	4,684,735	4,697,251
Debt interest and fees	2,812,777	2,512,420
Developer interest	735,150	1,113,285
Debt issuance costs	969,363	975,754
Depreciation and amortization	2,255,250	2,124,676
Total expenses	11,457,275	11,423,386
Change in net position before other item	2,673,264	2,443,647
Other item		
Change in estimate of due to developer		637,256
Capital contributions	39,930	
Change in net position	2,713,194	3,080,903
Net position, beginning of year	(4,418,880)	(7,499,783)
Net position, end of year	$ (1,705,686)	$ (4,418,880)

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2019, were $22,085,700, which consists of $9,279,603 in the General Fund, $11,592,485 in the Debt Service Fund, and $1,213,612 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 9,772,791	$ 7,149,027
Total liabilities	$ 481,492	$ 496,421
Total deferred inflows	11,696	11,573
Total fund balance	9,279,603	6,641,033
Total liabilities, deferred inflows and fund balance	$ 9,772,791	$ 7,149,027

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2019	2018
Total revenues	$ 7,127,793	$ 7,111,618
Total expenditures	(4,489,223)	(4,564,930)
Revenues over expenditures	$ 2,638,570	$ 2,546,688

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing fire protection services are based on the number of connections in the District and increases as the number of connections increases
- Tap connection fees fluctuate with homebuilding activity within the District

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 11,643,400	$ 10,729,066
Total liabilities	$ 5,228	$ 44,088
Total deferred inflows	45,687	57,028
Total fund balance	11,592,485	10,627,950
Total liabilities, deferred inflows and fund balance	$ 11,643,400	$ 10,729,066

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2019	2018
Total revenues	$ 6,985,369	$ 6,731,693
Total expenditures	(6,175,834)	(4,738,003)
Revenues over expenditures	809,535	1,993,690
Other changes in fund balance	155,000	
Net change in fund balance	$ 964,535	$ 1,993,690

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued $2,530,000 in refunding bonds to refund $2,375,000 of its outstanding Series 2010 bonds. This refunding will save the District $294,984 in future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 1,213,612	$ 1,755,332
Total liabilities	$ -	$ 283
Total fund balance	1,213,612	1,755,049
Total liabilities and fund balance	$ 1,213,612	$ 1,755,332

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2019	2018
Total revenues	$ 28,594	$ 22,135
Total expenditures	(8,645,031)	(14,116,120)
Revenues under expenditures	(8,616,437)	(14,093,985)
Other changes in fund balance	8,075,000	13,850,000
Net change in fund balance	$ (541,437)	$ (243,985)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its $11,450,000 Series 2018 Unlimited Tax Bonds and $4,075,000 Series 2019 Bond Anticipation Note in the current year and the issuance of its $17,450,000 Series 2017 Unlimited Tax Bonds and $7,450,000 Series 2018 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $207,295 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at July 31, 2019 and 2018 are summarized as follows:

	2019	2018
Capital assets not being depreciated		
Land and improvements	$ 70,242	$ 30,312
Construction in progress	1,029,763	
	1,100,005	30,312
Capital assets being depreciated/amortized		
Infrastructure	62,192,441	60,311,534
Capital connection fees	20,614,139	18,749,789
	82,806,580	79,061,323
Less accumulated depreciation/amortization		
Infrastructure	(7,753,296)	(6,371,245)
Capital connection fees	(3,146,241)	(2,273,042)
	(10,899,537)	(8,644,287)
Depreciable capital assets, net	71,907,043	70,417,036
Capital assets, net	$ 73,007,048	$ 70,447,348

Capital asset additions during the current year include water, sewer, and drainage facilities to serve Avalon Sections 14 and 17. The District's construction in progress is for the construction of Avalon Section 19 utilities.

Long-Term Debt and Related Liabilities

As of July 31, 2019, the District owes $1,638,704 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At July 31, 2019 and 2018, the District had total bonded debt outstanding as shown below:

Series	2019	2018
2010	$ 100,000	$ 2,570,000
2013	3,200,000	3,350,000
2014	12,800,000	13,180,000
2015	19,735,000	20,435,000
2016	24,400,000	25,525,000
2017	16,600,000	17,450,000
2018	11,450,000	
2019 Refunding	2,530,000	
	$ 90,815,000	$ 82,510,000

During the year, the District issued $11,450,000 in unlimited tax bonds and $2,530,000 in unlimited tax refunding bonds. At July 31, 2019, the District had $24,770,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds.

During the year, the District issued a $4,075,000 bond anticipation note (BAN) to provide short term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2019 Actual	2020 Budget
Total revenues	$ 7,127,793	$ 6,980,384
Total expenditures	(4,489,223)	(4,380,230)
Revenues over expenditures	2,638,570	2,600,154
Beginning fund balance	6,641,033	9,279,603
Ending fund balance	$ 9,279,603	$ 11,879,757

Property Taxes

The District's property tax base increased approximately $220,041,000 for the 2019 tax year from $1,492,102,115 to $1,712,143,256. This increase is due to new construction in the District and increased property values. For the 2019 tax year, the District has levied a maintenance tax rate of $0.10 per $100 of assessed value and a debt service tax rate of $0.39 per $100 of assessed value, for a total combined tax rate of $0.49 per $100. Tax rates for the 2018 tax year were $0.15 per $100 for maintenance and operations and $0.45 per $100 for debt service for a combined total of $0.60 per $100 of assessed value.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 128
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 419,525	$ 81,705	$ 163,058	$ 664,288	$ -	$ 664,288
Investments	8,789,160	11,470,248	1,072,381	21,331,789		21,331,789
Taxes receivable	11,696	45,687		57,383		57,383
Customer service receivables, net	492,349			492,349		492,349
Prepaid items	31,820			31,820		31,820
Internal balances	18,518	3,309	(21,827)			
Other receivables	9,723	42,451		52,174		52,174
Capital assets not being depreciated					1,100,005	1,100,005
Capital assets, net					71,907,043	71,907,043
Total Assets	$ 9,772,791	$11,643,400	$ 1,213,612	$22,629,803	73,007,048	95,636,851
Deferred Outflows of Resources						
Deferred difference on refunding					58,464	58,464
Liabilities						
Accounts payable	$ 472,267	$ -	$ -	$ 472,267		472,267
Other payables		3,616		3,616		3,616
Customer deposits	9,225			9,225		9,225
Accrued interest payable		1,612		1,612	1,178,824	1,180,436
Bond anticipation note payable					4,075,000	4,075,000
Due to developers					1,638,704	1,638,704
Long-term debt						
Due within one year					4,105,000	4,105,000
Due after one year					85,916,753	85,916,753
Total Liabilities	481,492	5,228		486,720	96,914,281	97,401,001
Deferred Inflows of Resources						
Deferred property taxes	11,696	45,687		57,383	(57,383)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	31,820			31,820	(31,820)	
Restricted		11,592,485	1,213,612	12,806,097	(12,806,097)	
Unassigned	9,247,783			9,247,783	(9,247,783)	
Total Fund Balances	9,279,603	11,592,485	1,213,612	22,085,700	(22,085,700)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,772,791	$11,643,400	$ 1,213,612	$22,629,803		
Net Position						
Net investment in capital assets					(17,041,577)	(17,041,577)
Restricted for debt service					10,459,795	10,459,795
Unrestricted					4,876,096	4,876,096
Total Net Position					$(1,705,686)	$(1,705,686)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 128
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 854,760	$ -	$ -	$ 854,760	$ -	$ 854,760
Sewer service	1,567,362			1,567,362		1,567,362
Fire service	752,936			752,936		752,936
Property taxes	2,237,735	6,721,531		8,959,266	(8,008)	8,951,258
Penalties and interest	50,183	53,491		103,674	(3,209)	100,465
Tap connection and inspection	463,986			463,986		463,986
Surface water	997,037			997,037		997,037
Miscellaneous	23,030			23,030		23,030
Investment earnings	180,764	210,347	28,594	419,705		419,705
Total Revenues	7,127,793	6,985,369	28,594	14,141,756	(11,217)	14,130,539
Expenditures/Expenses						
Current service operations						
Purchased services	1,164,334			1,164,334		1,164,334
Professional fees	121,719		49,168	170,887		170,887
Contracted services	1,955,716	126,923		2,082,639		2,082,639
Repairs and maintenance	288,562			288,562		288,562
Utilities	11,507			11,507		11,507
Surface water fees	844,488			844,488		844,488
Administrative	78,192	19,416		97,608		97,608
Other	24,705		5	24,710		24,710
Capital outlay			6,944,102	6,944,102	(6,944,102)	
Debt service						
Principal		3,300,000		3,300,000	(3,300,000)	
Interest and fees		2,594,584	82,154	2,676,738	136,039	2,812,777
Developer interest			735,150	735,150		735,150
Debt issuance costs		134,911	834,452	969,363		969,363
Depreciation and amortization					2,255,250	2,255,250
Total Expenditures/Expenses	4,489,223	6,175,834	8,645,031	19,310,088	(7,852,813)	11,457,275
Revenues Over (Under) Expenditures/Expenses	2,638,570	809,535	(8,616,437)	(5,168,332)	7,841,596	2,673,264
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			11,450,000	11,450,000	(11,450,000)	
Proceeds from sale of refunding bonds		2,530,000		2,530,000	(2,530,000)	
Debt service - principal		(2,375,000)		(2,375,000)	2,375,000	
Bond anticipation note proceeds			4,075,000	4,075,000	(4,075,000)	
Repayment of bond anticipation note			(7,450,000)	(7,450,000)	7,450,000	
Other Item						
Capital contributions					39,930	39,930
Net Change in Fund Balances	2,638,570	964,535	(541,437)	3,061,668	(3,061,668)	
Change in Net Position					2,713,194	2,713,194
Fund Balance/Net Position						
Beginning of the year	6,641,033	10,627,950	1,755,049	19,024,032	(23,442,912)	(4,418,880)
End of the year	$ 9,279,603	$11,592,485	$ 1,213,612	$22,085,700	$(23,791,386)	$ (1,705,686)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 128 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated January 17, 2006 and operates in accordance with the Texas Water Code, Chapters 49 and 54 and other general laws of the State of Texas. The Board of Directors held its first meeting on July 20, 2006 and the first bonds were issued on November 23, 2010.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government, a component unit of a primary government or a related organization. A primary government has a separately elected governing body; is legally separate; and is fiscally independent of other state and local governments. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities.*

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, tap connection fees, and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments, and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2019, an allowance of $16,000 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, and capital connection fees paid to the City of Sugar Land, are depreciated or amortized using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Capital connection fees	Remaining life of contract

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Sugar Land and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 22,085,700
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		58,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 83,906,585	
Less accumulated depreciation/amortization	(10,899,537)	
Change due to capital assets		73,007,048
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(90,021,753)	
Bond anticipation note payable	(4,075,000)	
Interest payable on bonds	(1,178,824)	
Change due to long-term debt		(95,275,577)
Amounts due to the District's developers for prefunded construction are recorded as a liability in the *Statement of Net Position.*		(1,638,704)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	47,593	
Penalty and interest receivable	9,790	
Change due to property taxes		57,383
Total net position - governmental activities		$ (1,705,686)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ 3,061,668
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		(11,217)
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 6,944,102	
Depreciation/amortization expense	(2,255,250)	
		4,688,852
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long term debt	(11,450,000)	
Proceeds from sale of refunding bonds	(2,530,000)	
Debt service - principal	2,375,000	
Principal payments	3,300,000	
Bond anticipation note proceeds	(4,075,000)	
Repayment of bond anticipation note	7,450,000	
Interest expense accrual	(136,039)	
		(5,066,039)
The acquisition value of donated capital assets do not provide financial resources in the funds; but are recorded as a capital contribution in *Statement of Activities.*		39,930
Change in net position of governmental activities		$ 2,713,194

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Note 3 – Deposits and Investments (continued)

As of July 31, 2019, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 480,000			
	Debt Service	2,400,000			
		2,880,000	14%	N/A	N/A
TexPool	General	4,154,536			
	Debt Service	9,070,248			
	Capital Projects	551,373			
		13,776,157	64%	AAAm	35 days
Texas CLASS	General	4,154,624			
	Capital Projects	521,008			
		4,675,632	22%	AAAm	56 days
Total		$ 21,331,789	100%		

The District's investments in certificates of deposit are reported at cost.

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Note 3 – Deposits and Investments (continued)

Texas CLASS

The District also participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and Wells Fargo Bank as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2019, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 4,033	Maintenance tax transfers not remitted as of year end
General Fund	Capital Projects Fund	21,827	Bond application fees paid by the General Fund
Debt Service Fund	General Fund	7,342	Proceeds from the sale of refunding bonds in excess of bond issuance costs paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2019, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 30,312	$ 39,930	$ 70,242
Construction in progress		1,029,763	1,029,763
	30,312	1,069,693	1,100,005
Capital assets being depreciated/amortized			
Infrastructure	60,311,534	1,880,907	62,192,441
Capital connection fees	18,749,789	1,864,350	20,614,139
	79,061,323	3,745,257	82,806,580
Less accumulated depreciation/amortization			
Infrastructure	(6,371,245)	(1,382,051)	(7,753,296)
Capital connection fees	(2,273,042)	(873,199)	(3,146,241)
	(8,644,287)	(2,255,250)	(10,899,537)
Subtotal depreciable capital assets, net	70,417,036	1,490,007	71,907,043
Capital assets, net	$ 70,447,348	$ 2,559,700	$ 73,007,048

Depreciation/amortization expense for the current year was $2,255,250.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short term financing for reimbursements to its developers. Despite its short term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $7,450,000. This BAN was repaid on December 20, 2018 with proceeds from the issuance of the District's Series 2018 Unlimited Tax Bonds. Additionally, on July 29, 2019 the District issued a $4,075,000 BAN with an interest rate of 2.00%, which is due on July 28, 2020.

The effect of these transactions on the District's short term obligations are as follows:

Beginning balance	$ 7,450,000
Amounts borrowed	4,075,000
Amounts repaid	(7,450,000)
Ending balance	$ 4,075,000

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, and drainage facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

Changes in amounts due to developers during the year are as follows:

Due to developers, beginning of year	$	3,807,786
Developer reimbursements		(6,944,102)
Developer funded construction and adjustments		4,775,020
Due to developers, end of year	$	1,638,704

Note 8 – Long–Term Debt

Long-term debt is comprised of the following:

Bonds payable	$	90,815,000
Unamortized discounts		(793,247)
	$	90,021,753
Due within one year	$	4,105,000

Note 8 – Long–Term Debt (continued)

The District's bonds payable at July 31, 2019, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010	$ 100,000	$ 3,045,000	3.25% - 5.00%	September 1, 2012-2034	September 1, March 1	September 1, 2018
2013	3,200,000	3,950,000	2.00% - 3.75%	September 1, 2014-2036	September 1, March 1	September 1, 2020
2014	12,800,000	14,220,000	2.00% - 4.00%	September 1, 2015-2038	September 1, March 1	September 1, 2022
2015	19,735,000	21,760,000	2.20% - 4.20%	September 1, 2016-2039	September 1, March 1	September 1, 2022
2016	24,400,000	26,650,000	2.00% - 4.00%	September 1, 2017-2040	September 1, March 1	September 1, 2023
2017	16,600,000	17,450,000	2.00% - 3.50%	September 1, 2018-2040	September 1, March 1	September 1, 2024
2018	11,450,000	11,450,000	3.00% - 4.00%	September 1, 2019-2041	September 1, March 1	September 1, 2024
2019 Refunding	2,530,000	2,530,000	2.00% - 3.25%	September 1, 2019-2034	September 1, March 1	September 1, 2025
	$ 90,815,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At July 31, 2019, the District had authorized but unissued bonds in the amount of $24,770,000 for water, sewer and drainage facilities and for refunding purposes.

On December 20, 2018, the District issued its $11,450,000 Series 2018 Unlimited Tax Bonds at a net effective interest rate of 3.808499%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to repay a $7,450,000 BAN issued in the previous fiscal year.

Note 8 – Long–Term Debt (continued)

On April 9, 2019, the District issued its $2,530,000 Series 2019 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.095027% to refund $2,375,000 of outstanding Series 2010 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $294,984 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $221,288. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through April 11, 2019, the redemption date of the bonds. As of July 31, 2019, the bonds have all been redeemed and are no longer outstanding.

The change in the District's long term debt during the year is as follows:

Bonds payable, beginning of year	$	82,510,000
Bonds issued		13,980,000
Bonds retired		(3,300,000)
Bonds refunded		(2,375,000)
Bonds payable, end of year	$	90,815,000

Note 8 – Long–Term Debt (continued)

As of July 31, 2019, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2020	$ 4,105,000	$ 2,758,058	$ 6,863,058
2021	4,045,000	2,672,127	6,717,127
2022	4,095,000	2,568,897	6,663,897
2023	4,150,000	2,459,445	6,609,445
2024	3,925,000	2,354,816	6,279,816
2025	3,975,000	2,248,579	6,223,579
2026	4,030,000	2,140,540	6,170,540
2027	4,085,000	2,028,566	6,113,566
2028	4,140,000	1,912,394	6,052,394
2029	4,200,000	1,790,949	5,990,949
2030	4,255,000	1,663,265	5,918,265
2031	4,320,000	1,528,965	5,848,965
2032	4,365,000	1,388,336	5,753,336
2033	4,415,000	1,241,785	5,656,785
2034	4,490,000	1,089,654	5,579,654
2035	4,535,000	934,428	5,469,428
2036	4,610,000	774,024	5,384,024
2037	4,650,000	607,094	5,257,094
2038	4,290,000	443,629	4,733,629
2039	4,335,000	285,191	4,620,191
2040	3,375,000	145,500	3,520,500
2041	1,975,000	51,750	2,026,750
2042	450,000	9,000	459,000
	$ 90,815,000	$ 33,096,992	$ 123,911,992

Note 9 – Property Taxes

On May 12, 2007, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.00 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Note 9 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District's 2019 fiscal year was financed through the 2018 tax levy, pursuant to which the District levied property taxes of $0.60 per $100 of assessed value, of which $0.15 was allocated to maintenance and operations and $0.45 was allocated to debt service. The resulting tax levy was $8,952,613 on the adjusted taxable value of $1,492,102,115.

Property taxes receivable, at July 31, 2019, consisted of the following:

Current year taxes receivable	$	37,536
Prior years taxes receivable		10,057
		47,593
Penalty and interest receivable		9,790
Property taxes receivable	$	57,383

Note 10 – Utility Agreement with the City of Sugar Land

On December 5, 2009, the District entered into a thirty year agreement (the "Utility Agreement") with the City of Sugar Land (the "City") whereby the City agrees to provide water supply and wastewater collection and treatment services to the District. In order to cover the capital costs incurred by the City related to providing these services, the District is obligated to pay to the City a one-time connection fee per equivalent single family connection. The District is also required to pay a monthly fee for the amount of services used by the District, which totaled $1,164,334 for the current year.

Pursuant to the Utility Agreement, the District shall design, construct, own, operate, and maintain, at its sole cost and expense, a water distribution system, a wastewater collection system and a storm drainage system to serve the District. The District was also required to design, construct and convey to the City, certain wastewater trunk facilities necessary to connect the District's system with the City's. The City credited the cost of constructing these facilities against connection fees to be paid by the District.

Surface Water Conversion

The Texas Legislature created the Fort Bend Subsidence District (the "Subsidence District") to reduce subsidence by regulating the withdrawal of groundwater in Fort Bend County. The Subsidence District has mandated that water well permit holders must acquire no more than 70% of their total water supply from groundwater by the year 2013 and no more than 40% of the total water supply from groundwater by the year 2025. In order to achieve these objectives, water well permit holders may enter into agreements with other permit holders to develop a joint solution that reduces groundwater usage across the group as a whole, instead of for each individual permit holder.

Note 10 – Utility Agreement with the City of Sugar Land (continued)

The City anticipates that in the future they will be required to convert, in whole or part, to the use of surface water for their water systems by the Subsidence District, and the District agrees to be part of the ground water reduction plan ("GRP") that includes the City and will not undertake to develop the District's own GRP. In order for the City to recover the costs associated with implementing the GRP, all participants pay the City a surface water conversion fee. The amount of the fee is periodically reviewed and adjusted by the City. As of July 31, 2019, the fee imposed by the City for surface water conversion was $1.88 per 1,000 gallons plus a 20% surcharge for a total of $2.26 per 1,000 gallons. The District passes this fee to its customers as part of the District's standard monthly water and sewer bills. During the current fiscal year, the District recorded $997,037 in revenues and $844,488 in expenditures in the General Fund.

Note 11 – Agreement Regarding Reclaimed Water with the City of Sugar Land

On December 19, 2014, the District and the City entered into an Agreement Regarding Reclaimed Water whereby the District was authorized at its sole cost to design and construct a Reclaimed Water Facility (the "Reclaimed Water Facility"), which will be used for both parties benefit. The Reclaimed Water Facility was constructed during the prior fiscal year and was conveyed to the City of Sugar Land.

The District will own 100% capacity of the Reclaimed Water Facility for twenty-four consecutive months after the District begins to take water from the Reclaimed Water Facility. At that time, the City may pay to purchase all or part of the unused capacity in the Reclaimed Water Facility. If the District needs additional capacity than what was anticipated, the District may request from the City a onetime expansion of the Reclaimed Water Facility of which the District will be solely responsible for all costs in the expansion unless the City participates in the expansion. If the City participates in the expansion, the costs will be allocated based on the City and the District's capacity. The District agrees to pay a reclaimed water fee to the City for reclaimed water delivered within the District. The City may make annual adjustments to the reclaimed water fee based on expense incurred by the City. During the current year, the District received 71,699,000 gallons of reclaimed water from the Reclaimed Water Facility.

Note 12 – Strategic Partnership Agreement with the City of Sugar Land

The District has entered into a Strategic Partnership Agreement (the "Agreement") with the City of Sugar Land (the "City") dated May 3, 2011, which stipulates the City's regulatory authority over the District and stipulates a formula for determining the time of annexation of land within the District by the City and identifies and establishes a master plan for the development of the District. In the Agreement, the City agrees not to annex the property in the District before such time as (i) as least 90% of the developable acreage within the District has been developed with water, wastewater treatment and drainage facilities; and (ii) the Developers have been reimbursed for the maximum extent permitted by the rules of the Texas Commission on Environmental Quality or the City assumes any obligation for such reimbursement.

Note 13 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 128
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 835,400	$ 835,400	$ 854,760	$ 19,360
Sewer service	1,717,100	1,717,100	1,567,362	(149,738)
Fire service	646,100	646,100	752,936	106,836
Property taxes	2,029,004	2,204,281	2,237,735	33,454
Penalties and interest	37,150	37,150	50,183	13,033
Tap connection and inspection	776,650	359,400	463,986	104,586
Surface water	1,065,400	1,065,400	997,037	(68,363)
Miscellaneous	33,300	33,300	23,030	(10,270)
Investment earnings	70,570	132,870	180,764	47,894
Total Revenues	7,210,674	7,031,001	7,127,793	96,792
Expenditures				
Current service operations				
Purchased services	1,230,000	1,230,000	1,164,334	65,666
Professional fees	192,700	156,200	121,719	34,481
Contracted services	1,856,500	1,750,046	1,955,716	(205,670)
Repairs and maintenance	348,100	353,100	288,562	64,538
Utilities	15,700	15,700	11,507	4,193
Surface water fees	980,500	980,500	844,488	136,012
Administrative	79,413	80,480	78,192	2,288
Other	33,700	33,700	24,705	8,995
Total Expenditures	4,736,613	4,599,726	4,489,223	110,503
Revenues Over Expenditures	2,474,061	2,431,275	2,638,570	207,295
Fund Balance				
Beginning of the year	6,641,033	6,641,033	6,641,033	
End of the year	$ 9,115,094	$ 9,072,308	$ 9,279,603	$ 207,295

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 128
TSI-1. Services and Rates
July 31, 2019

1. Services provided by the District During the Fiscal Year:

[X] Retail Water	[ ] Wholesale Water	[X] Solid Waste/Garbage	[X] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[ ] Irrigation
[ ] Parks/Recreation	[X] Fire Protection	[ ] Roads	[X] Security

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

[ ] Other (Specify): ______

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 0.90	0	N	$ 0.90	0	to	3,000
				1.05	3,001		10,000
				1.43	10,001		20,000
				1.64	20,001		no limit

In addition, the District charges the following fee:

Meter size:	Fee	Meter size:	Fee
5/8 and 3/4	$7.98	3	$111.26
1	$12.46	4	$307.77
1 1/2	$33.11	6	$602.51
2	$51.54	8	$752.65

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum Usage	Usage Levels		
Wastewater:	$ 2.80	0	N	$ 2.80	0	to	no limit

In addition to the rate of $2.80 per 1,000 gallons, the District charges the following fee:

Meter size:	Fee	Meter size:	Fee
5/8 and 3/4	$21.88	3	$198.02
1	$29.59	4	$534.91
1 1/2	$65.23	6	$1,043.26
2	$96.45	8	$1,301.28

District employs winter averaging for wastewater usage? Yes [X] No [ ]

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum Usage	Usage Levels		
Surcharge:	$ 2.26	0	N	$ 2.26	0	to	no limit

Total charges per 10,000 gallons usag Water: $ 40.63 Wastewater: $ 49.88

See accompanying auditors' report.

2. Retail Service Providers (continued)

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC	Active ESFCs
Unmetered			x 1.0	
less than 3/4"	1,350	1,344	x 1.0	1,344
1"	1,643	1,634	x 2.5	4,085
1.5"	36	36	x 5.0	180
2"	121	121	x 8.0	968
3"	2	2	x 15.0	30
4"	2	2	x 25.0	50
6"			x 50.0	
8"	1	1	x 80.0	80
10"	2	2	x 115.0	230
Total Water	3,157	3,142		6,967
Total Wastewater	2,905	2,890	x 1.0	

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
(You may omit this information if your district does not provide water)

*Gallons purchased	463,206,000	Water Accountability Ratio: (Gallons billed/Gallons purchased)
Gallons billed to customers:	463,092,000	99.98%

4. Standby Fees (authorized only under TWC Section 49.231):
(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: ____________

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

If yes, Date of the most recent commission Order: ____________

See accompanying auditors' report.

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely [ ] Partly [X] Not at all [ ]

City(ies) in which the District is located: City of Sugar Land

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

Entirely [ ] Partly [X] Not at all [ ]

ETJs in which the District is located: City of Sugar Land

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? ______

* Purchased from the City of Sugar Land

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-2 General Fund Expenditures
For the Year Ended July 31, 2019

Purchased services	$ 1,164,334
Professional fees	
Legal	84,624
Audit	13,000
Engineering	24,095
	121,719
Contracted services	
Bookkeeping	27,628
Operator	86,452
Garbage collection	561,063
Tap connection and inspection	309,280
Security service	195,633
Fire service	775,660
	1,955,716
Repairs and maintenance	288,562
Utilities	11,507
Surface water fees	844,488
Administrative	
Directors fees	8,550
Printing and office supplies	39,663
Insurance	11,138
Other	18,841
	78,192
Other	24,705
Total expenditures	$ 4,489,223

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	81,564	$ 11,507
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-3. Investments
July 31, 2019

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	$ 4,154,536	
Texas CLASS	Variable	N/A	4,154,624	
Certificate of deposit	2.75%	10/25/19	240,000	5,045
Certificate of deposit	2.55%	10/25/19	240,000	4,678
			8,789,160	9,723
Debt Service				
TexPool	Variable	N/A	9,070,248	
Certificate of deposit	2.35%	08/20/19	240,000	4,311
Certificate of deposit	2.32%	08/20/19	240,000	4,256
Certificate of deposit	2.22%	08/20/19	240,000	4,073
Certificate of deposit	2.35%	08/20/19	240,000	4,311
Certificate of deposit	2.10%	08/20/19	240,000	3,853
Certificate of deposit	2.30%	08/20/19	240,000	4,219
Certificate of deposit	2.58%	08/21/19	240,000	4,733
Certificate of deposit	2.35%	08/20/19	240,000	4,311
Certificate of deposit	2.42%	08/20/19	240,000	4,440
Certificate of deposit	2.15%	08/20/19	240,000	3,944
			11,470,248	42,451
Capital Projects				
TexPool	Variable	N/A	551,373	
Texas CLASS	Variable	N/A	521,008	
			1,072,381	
Total - All Funds			$ 21,331,789	$ 52,174

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-4. Taxes Levied and Receivable
July 31, 2019

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 11,573	$ 44,028	$ 55,601
Adjustments	(295)	(1,060)	(1,355)
Adjusted Receivable	11,278	42,968	54,246
2018 Original Tax Levy	2,226,175	6,678,524	8,904,699
Adjustments	11,978	35,936	47,914
Adjusted Tax Levy	2,238,153	6,714,460	8,952,613
Total to be accounted for	2,249,431	6,757,428	9,006,859
Tax collections:			
Current year	2,228,769	6,686,308	8,915,077
Prior years	8,966	35,223	44,189
Total Collections	2,237,735	6,721,531	8,959,266
Taxes Receivable, End of Year	$ 11,696	$ 35,897	$ 47,593
Taxes Receivable, By Years			
2018	$ 9,384	$ 28,152	$ 37,536
2017	2,289	7,629	9,918
2016	23	116	139
Taxes Receivable, End of Year	$ 11,696	$ 35,897	$ 47,593

	2018	2017	2016	2015
Property Valuations				
Land	$ 336,484,516	$ 308,185,856	$ 255,699,189	$ 193,021,309
Improvements	1,186,914,785	1,032,581,613	805,931,156	526,528,460
Personal Property	6,258,195	5,193,440	4,827,360	3,520,280
Exemptions	(37,555,381)	(32,046,541)	(32,954,161)	(21,473,658)
Total Property Valuations	$ 1,492,102,115	$ 1,313,914,368	$ 1,033,503,544	$ 701,596,391
Tax Rates per $100 Valuation				
Maintenance tax rates	$ 0.15	$ 0.15	$ 0.12	$ 0.095
Debt service tax rates	0.45	0.50	0.58	0.605
Total Tax Rates per $100 Valuation	$ 0.60	$ 0.65	$ 0.70	$ 0.700
Adjusted Tax Levy	$ 8,952,613	$ 8,540,443	$ 7,234,525	$ 4,911,175
Percentage of Taxes Collected to Taxes Levied **	99.58%	99.88%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.00 on May 12, 2007

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

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2010--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 100,000	$ 2,050	$ 102,050

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2013--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 150,000	$ 110,375	$ 260,375
2021	150,000	106,812	256,812
2022	150,000	102,875	252,875
2023	150,000	98,562	248,562
2024	150,000	94,063	244,063
2025	150,000	89,469	239,469
2026	150,000	84,687	234,687
2027	150,000	79,719	229,719
2028	150,000	74,562	224,562
2029	150,000	69,313	219,313
2030	150,000	63,969	213,969
2031	150,000	58,438	208,438
2032	150,000	52,813	202,813
2033	150,000	47,000	197,000
2034	150,000	41,000	191,000
2035	150,000	35,000	185,000
2036	400,000	24,000	424,000
2037	400,000	8,000	408,000
	$ 3,200,000	$ 1,240,657	$ 4,440,657

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 400,000	$ 454,935	$ 854,935
2021	415,000	445,970	860,970
2022	435,000	436,402	871,402
2023	455,000	425,713	880,713
2024	480,000	413,545	893,545
2025	500,000	399,565	899,565
2026	525,000	383,927	908,927
2027	550,000	366,715	916,715
2028	575,000	347,721	922,721
2029	605,000	327,064	932,064
2030	630,000	304,827	934,827
2031	665,000	280,695	945,695
2032	695,000	254,160	949,160
2033	725,000	225,760	950,760
2034	760,000	196,060	956,060
2035	800,000	164,860	964,860
2036	835,000	131,743	966,743
2037	875,000	96,688	971,688
2038	915,000	59,535	974,535
2039	960,000	20,160	980,160
	$ 12,800,000	$ 5,736,045	$ 18,536,045

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 725,000	$ 664,988	$ 1,389,988
2021	750,000	650,238	1,400,238
2022	775,000	634,988	1,409,988
2023	800,000	615,238	1,415,238
2024	825,000	590,863	1,415,863
2025	850,000	565,738	1,415,738
2026	875,000	539,863	1,414,863
2027	900,000	512,113	1,412,113
2028	925,000	482,456	1,407,456
2029	950,000	450,800	1,400,800
2030	975,000	417,113	1,392,113
2031	1,000,000	381,925	1,381,925
2032	1,010,000	345,494	1,355,494
2033	1,025,000	307,969	1,332,969
2034	1,050,000	269,063	1,319,063
2035	1,050,000	229,688	1,279,688
2036	1,050,000	189,000	1,239,000
2037	1,050,000	147,000	1,197,000
2038	1,050,000	105,000	1,155,000
2039	1,050,000	63,000	1,113,000
2040	1,050,000	21,000	1,071,000
	$ 19,735,000	$ 8,183,537	$ 27,918,537

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 1,125,000	$ 601,218	$ 1,726,218
2021	1,125,000	578,719	1,703,719
2022	1,125,000	544,969	1,669,969
2023	1,125,000	511,219	1,636,219
2024	1,125,000	488,719	1,613,719
2025	1,125,000	466,219	1,591,219
2026	1,125,000	443,719	1,568,719
2027	1,125,000	421,219	1,546,219
2028	1,125,000	398,719	1,523,719
2029	1,125,000	375,516	1,500,516
2030	1,125,000	350,906	1,475,906
2031	1,125,000	324,188	1,449,188
2032	1,125,000	296,062	1,421,062
2033	1,125,000	266,531	1,391,531
2034	1,125,000	235,594	1,360,594
2035	1,125,000	204,656	1,329,656
2036	1,125,000	173,719	1,298,719
2037	1,125,000	141,375	1,266,375
2038	1,125,000	107,625	1,232,625
2039	1,125,000	73,875	1,198,875
2040	1,125,000	40,125	1,165,125
2041	775,000	11,625	786,625
	$ 24,400,000	$ 7,056,517	$ 31,456,517

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 850,000	$ 481,938	$ 1,331,938
2021	750,000	465,938	1,215,938
2022	750,000	450,938	1,200,938
2023	750,000	435,938	1,185,938
2024	750,000	417,188	1,167,188
2025	750,000	394,688	1,144,688
2026	750,000	372,188	1,122,188
2027	750,000	349,688	1,099,688
2028	750,000	327,187	1,077,187
2029	750,000	304,687	1,054,687
2030	750,000	282,187	1,032,187
2031	750,000	259,687	1,009,687
2032	750,000	236,719	986,719
2033	750,000	212,812	962,812
2034	750,000	188,437	938,437
2035	750,000	164,062	914,062
2036	750,000	139,687	889,687
2037	750,000	115,312	865,312
2038	750,000	90,469	840,469
2039	750,000	65,156	815,156
2040	750,000	39,375	789,375
2041	750,000	13,125	763,125
	$ 16,600,000	$ 5,807,406	$ 22,407,406

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 725,000	$ 376,500	$ 1,101,500
2021	725,000	354,750	1,079,750
2022	725,000	333,000	1,058,000
2023	725,000	311,250	1,036,250
2024	450,000	293,625	743,625
2025	450,000	280,125	730,125
2026	450,000	266,625	716,625
2027	450,000	253,125	703,125
2028	450,000	239,625	689,625
2029	450,000	225,844	675,844
2030	450,000	211,500	661,500
2031	450,000	196,594	646,594
2032	450,000	181,125	631,125
2033	450,000	165,375	615,375
2034	450,000	149,344	599,344
2035	450,000	132,750	582,750
2036	450,000	115,875	565,875
2037	450,000	98,719	548,719
2038	450,000	81,000	531,000
2039	450,000	63,000	513,000
2040	450,000	45,000	495,000
2041	450,000	27,000	477,000
2042	450,000	9,000	459,000
	$ 11,450,000	$ 4,410,751	$ 15,860,751

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 30,000	$ 66,054	$ 96,054
2021	130,000	69,700	199,700
2022	135,000	65,725	200,725
2023	145,000	61,525	206,525
2024	145,000	56,813	201,813
2025	150,000	52,775	202,775
2026	155,000	49,531	204,531
2027	160,000	45,987	205,987
2028	165,000	42,124	207,124
2029	170,000	37,725	207,725
2030	175,000	32,763	207,763
2031	180,000	27,438	207,438
2032	185,000	21,963	206,963
2033	190,000	16,338	206,338
2034	205,000	10,156	215,156
2035	210,000	3,412	213,412
	$ 2,530,000	$ 660,029	$ 3,190,029

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 128
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 4,105,000	$ 2,758,058	$ 6,863,058
2021	4,045,000	2,672,127	6,717,127
2022	4,095,000	2,568,897	6,663,897
2023	4,150,000	2,459,445	6,609,445
2024	3,925,000	2,354,816	6,279,816
2025	3,975,000	2,248,579	6,223,579
2026	4,030,000	2,140,540	6,170,540
2027	4,085,000	2,028,566	6,113,566
2028	4,140,000	1,912,394	6,052,394
2029	4,200,000	1,790,949	5,990,949
2030	4,255,000	1,663,265	5,918,265
2031	4,320,000	1,528,965	5,848,965
2032	4,365,000	1,388,336	5,753,336
2033	4,415,000	1,241,785	5,656,785
2034	4,490,000	1,089,654	5,579,654
2035	4,535,000	934,428	5,469,428
2036	4,610,000	774,024	5,384,024
2037	4,650,000	607,094	5,257,094
2038	4,290,000	443,629	4,733,629
2039	4,335,000	285,191	4,620,191
2040	3,375,000	145,500	3,520,500
2041	1,975,000	51,750	2,026,750
2042	450,000	9,000	459,000
	$ 90,815,000	$ 33,096,992	$ 123,911,992

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 128
TSI-6. Change in Long-Term Bonded Debt
July 31, 2019

	Bond Issue			
	Series 2010	Series 2013	Series 2014	Series 2015
Interest rate	3.25% - 5.00%	2.00% - 4.00%	2.20% - 4.20%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/12 - 9/1/34	9/1/13 - 9/1/36	9/1/15 - 9/1/38	9/1/16 - 9/1/39
Beginning bonds outstanding	$ 2,570,000	$ 3,350,000	$ 13,180,000	$ 20,435,000
Bonds issued				
Bonds refunded	(2,375,000)			
Bonds retired	(95,000)	(150,000)	(380,000)	(700,000)
Ending bonds outstanding	$ 100,000	$ 3,200,000	$ 12,800,000	$ 19,735,000
Interest paid during fiscal year	$ 133,463	$ 113,562	$ 463,515	$ 679,238

Paying agent's name and city	
Series 2010	Wells Fargo Bank, Houston, Texas
All other series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority:	Water, Sewer, Drainage and Refunding Bonds
Amount Authorized by Voters	$ 123,450,000
Amount Issued	(98,680,000)
Remaining To Be Issued	$ 24,770,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balances as of July 31, 2019:	$ 11,551,953
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 5,387,478

See accompanying auditors' report.

Bond Issue				
Series 2016	Series 2017	Series 2018	Series 2019 Refunding	Totals
2.00% - 4.00%	2.00% - 3.50%	3.00% - 4.00%	2.00% - 3.25%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	
9/1/17 - 9/1/40	9/1/18 - 9/1/40	9/1/19 - 9/1/41	9/1/19 - 9/1/34	
$ 25,525,000	$ 17,450,000	$ -	$ -	$ 82,510,000
		11,450,000	2,530,000	13,980,000
				(2,375,000)
(1,125,000)	(850,000)			(3,300,000)
$ 24,400,000	$ 16,600,000	$ 11,450,000	$ 2,530,000	$ 90,815,000
$ 623,719	$ 498,938	$ 76,399	$ -	$ 2,588,834

Fort Bend County Municipal Utility District No. 128
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Water service	$ 854,760	$ 852,415	$ 704,640	$ 581,267	$ 401,054
Sewer service	1,567,362	1,666,571	1,467,483	1,192,763	794,815
Fire service	752,936	635,454	511,473	415,752	267,746
Property taxes	2,237,735	1,968,594	1,234,945	665,310	352,439
Penalties and interest	50,183	41,407	31,761	24,683	22,542
Tap connection and inspection	463,986	740,274	771,673	684,281	841,653
Surface water	997,037	1,098,237	954,218	842,859	580,799
Miscellaneous	23,030	35,468	41,198	42,694	44,096
Investment earnings	180,764	73,198	14,383	3,626	1,497
Total Revenues	7,127,793	7,111,618	5,731,774	4,453,235	3,306,641
Expenditures					
Current service operations					
Purchased services	1,164,334	1,225,279	1,084,146	788,226	503,973
Professional fees	121,719	163,770	199,834	194,398	107,383
Contracted services	1,955,716	1,826,874	1,580,714	1,345,864	1,079,840
Repairs and maintenance	288,562	333,469	218,442	317,488	429,986
Utilities	11,507	16,891	11,921	17,298	11,594
Surface water fees	844,488	892,282	803,621	850,113	571,288
Administrative	78,192	74,489	68,525	57,923	54,334
Other	24,705	31,876	32,185	35,014	30,278
Total Expenditures	4,489,223	4,564,930	3,999,388	3,606,324	2,788,676
Revenues Over Expenditures	$ 2,638,570	$ 2,546,688	$ 1,732,386	$ 846,911	$ 517,965

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
12%	12%	11%	13%	12%
22%	23%	26%	27%	24%
11%	9%	9%	9%	8%
31%	28%	22%	15%	11%
1%	1%	1%	1%	1%
7%	10%	13%	15%	25%
14%	15%	17%	19%	18%
*	*	1%	1%	1%
2%	2%	*	*	*
100%	100%	100%	100%	100%
16%	17%	19%	18%	15%
2%	2%	3%	4%	3%
27%	26%	28%	30%	33%
4%	5%	4%	7%	13%
*	*	*	*	*
12%	13%	14%	19%	17%
1%	1%	1%	1%	2%
*	*	1%	1%	1%
62%	64%	70%	80%	84%
38%	36%	30%	20%	16%

Fort Bend County Municipal Utility District No. 128
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	$ 6,721,531	$ 6,572,923	$ 5,971,850	$ 4,236,109	$ 2,114,632
Penalties and interest	53,491	48,520	44,287	31,614	9,553
Accrued interest on bonds sold			52,963		43,556
Investment earnings	210,347	110,250	36,038	10,218	2,053
Total Revenues	6,985,369	6,731,693	6,105,138	4,277,941	2,169,794
Expenditures					
Tax collection services	146,339	120,554	940,306	68,476	34,428
Debt service					
Principal	3,300,000	2,405,000	1,230,000	560,000	225,000
Interest and fees	2,594,584	2,212,449	1,818,977	1,276,356	628,509
Debt issuance costs	134,911				
Total Expenditures	6,175,834	4,738,003	3,989,283	1,904,832	887,937
Revenues Over Expenditures	$ 809,535	$ 1,993,690	$ 2,115,855	$ 2,373,109	$ 1,281,857
Total Active Retail Water Connections	3,142	2,897	2,630	2,226	1,796
Total Active Retail Wastewater Connections	2,890	2,662	2,411	2,037	1,643

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
95%	97%	97%	99%	98%
2%	1%	1%	1%	*
		1%		2%
3%	2%	1%	*	*
100%	100%	100%	100%	100%
2%	2%	15%	2%	2%
47%	36%	20%	13%	10%
37%	33%	30%	30%	29%
2%				
88%	71%	65%	45%	41%
12%	29%	35%	55%	59%

Fort Bend County Municipal Utility District No. 128
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2019

Complete District Mailing Address:	202 Century Square Blvd, Sugar Land, TX 77478
District Business Telephone Number:	(281) 500-6050
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 24, 2019
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Michael Cabiro	05/16 - 05/20	$ 1,800	$ 176	President
Travis Van Horn	05/18 - 05/22	1,800	204	Vice President
Haley Millis	05/18 - 05/22	1,350	36	Secretary
Jeffrey P Hogan	05/16 - 05/20	1,950	47	Assistant Secretary
Ketal Mirchandani	06/19 - 05/22	300	14	Assistant Vice President
Regan Bowen	03/18 - 06/19	1,350	165	Former Director
Consultants		Amounts Paid		
The Muller Law Group, PLLC	04/14			Attorney
General legal fees		$ 140,118		
Bond counsel fees		296,125		
Si Environmental, LLC	05/12	751,324		Operator
Municipal Accounts & Consulting, LP	12/17	35,446		Bookkeeper
Esther Flores, R.T.A, d/b/a Tax Tech Inc.	03/07	50,819		Tax Collector
Fort Bend Central Appraisal District	Legislation	76,005		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott LLP	08/09	9,987		Delinquent Tax Attorney
Costello, Inc.	03/07			Engineer
Amounts paid directly by district		68,072		
Amounts paid through developer reimbursements		479,578		
McGrath & Co., PLLC	07/13			Auditor
Annual audit		12,000		
Developer reimbursement report		17,700		
Masterson Advisors, LLC	04/18	265,647		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors' report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)