OFFICIAL STATEMENT DATED JULY 26, 2018

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

THE BONDS ARE NOT "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE – Book Entry Only

RATING: S&P Global Ratings (BAM Insured) .... "AA/stable"
See "MUNICIPAL BOND INSURANCE" and "RATING" herein.

$9,525,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 134D

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

UNLIMITED TAX BONDS, SERIES 2018

Interest accrues from: August 1, 2018 **Due: September 1, as shown below**

The $9,525,000 Fort Bend County Municipal Utility District No. 134D Unlimited Tax Bonds, Series 2018 (the "Bonds") are obligations of Fort Bend County Municipal Utility District No. 134D (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas (the "City") or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas, the City, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to 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 ZB, National Association, dba Amegy Bank, Houston, Texas, or any successor paying agent/registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System." Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds is payable on March 1, 2019, and each September 1 and March 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such person and the Paying Agent/Registrar. The Bonds are issuable in denominations of $5,000 of principal or any integral multiple thereof in fully registered form only.

The scheduled payment of principal 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.**

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

$3,310,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 34683J(b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 34683J (b)
2019	$215,000	5.500%	1.700%	CA7	2025(c)	$280,000	3.000%	2.700%	CG4
2020	225,000	5.500%	1.900%	CB5	2026(c)	290,000	3.000%	2.850%	CH2
2021	235,000	5.500%	2.000%	CC3	2027(c)	305,000	3.000%	3.000%	CJ8
2022	245,000	5.500%	2.200%	CD1	2028(c)	320,000	3.000%	3.100%	CK5
2023	255,000	5.500%	2.400%	CE9	2029(c)	330,000	3.000%	3.200%	CL3
2024(c)	265,000	5.000%	2.400%	CF6	2030(c)	345,000	3.000%	3.300%	CM1

$6,215,000 Term Bonds

$740,000 Term Bond due September 1, 2032 (c)(d) Interest Rate 3.250% (Price: $97.790) (a) CUSIP No. 34683J CP4 (b)
$810,000 Term Bond due September 1, 2034 (c)(d) Interest Rate 3.375% (Price: $97.874) (a) CUSIP No. 34683J CR0 (b)
$880,000 Term Bond due September 1, 2036 (c)(d) Interest Rate 3.500% (Price: $98.031) (a) CUSIP No. 34683J CT6 (b)
$965,000 Term Bond due September 1, 2038 (c)(d) Interest Rate 3.625% (Price: $98.250) (a) CUSIP No. 34683J CV1 (b)
$1,055,000 Term Bond due September 1, 2040 (c)(d) Interest Rate 3.625% (Price: $97.404) (a) CUSIP No. 34683J CX7 (b)
$1,765,000 Term Bond due September 1, 2043 (c)(d) Interest Rate 3.750% (Price: $98.718) (a) CUSIP No. 34683J DA6 (b)

(a) The initial reoffering yield has been provided by the Initial Purchaser and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may subsequently be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from August 1, 2018 is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on September 1, 2024, and thereafter, 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, 2023, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Optional Redemption."

(d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Mandatory Redemption."

The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. Voters in the District have authorized a total of $206,000,000 principal amount of bonds for the System. Following the issuance of the Bonds, $176,525,000 of authorized unlimited tax bonds will remain unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District.

The Bonds are offered when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject among other things to the approval of the initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. The Bonds in definitive form are expected to be available for delivery in Houston, Texas, on or about August 23, 2018. See "LEGAL MATTERS."

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 representations must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Robert W. Baird & Co. Incorporated, 1331 Lamar, Suite 1360, Houston, Texas 77010, the Financial Advisor to the District.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility 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.

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

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."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities Exchange Commission ("SEC").

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the cover page of this Official Statement, at a price of 97.00% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.781809%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

Other than as set forth in the Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Other than as described in the Notice of Sale, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER–ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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 jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

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 an exhibit 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, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $518.3 million, $97.4 million and $420.9 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.

RATING

S&P is a division of The McGraw Hill Companies, Inc., a New York corporation. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating).

The Bonds are expected to receive an insured rating of "AA/Stable" from S&P solely in reliance upon the insurance of the municipal bond insurance policy issued by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in their judgment, circumstances so warrant. The District is not aware of any rating other than the insured rating to be assigned to the Bonds by S&P upon the issuance of the municipal bond insurance policy issued by BAM at the time of delivery of the Bonds. The District is not aware of any rating assigned to the Bonds other than the rating of S&P.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer .... Fort Bend County Municipal Utility District No. 134D (the "District"), a political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution, is located in Fort Bend County, Texas. See "THE DISTRICT." The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134A and Redefining Boundaries, dated February 13, 2015 (the "Order Dividing"), pursuant to Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, as Amended by Senate Bill 1872, 79th Legislature, Regular Session, 2005, and Senate Bill 1823, 83rd Legislature, Regular Session, 2013 (collectively, the "Act"). The District is vested with all rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Article XVI, Section 59 of the Texas Constitution, the Act, and Chapters 49 and 54 of the Texas Water Code, as amended.

The Issue .... The District is issuing its $9,525,000 Unlimited Tax Bonds, Series 2018 (the "Bonds"). Interest accrues from August 1, 2018, and the Bonds mature on September 1 of each of the years and in the amounts shown on the cover hereof. Interest is payable March 1, 2019, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds maturing on September 1, 2019, through September 1, 2030, inclusive, are serial bonds. The Bonds maturing on September 1 in each of the years 2032, 2034, 2036, 2038, 2040 and 2043 are referred to herein as the term bonds (the "Term Bonds"), which have certain mandatory redemption amounts in the principal amounts set forth under "The Bonds – Mandatory Redemption." The Bonds maturing on September 1, 2024, and thereafter, 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, 2023, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS – General" and "– Optional Redemption."

Outstanding Bonds .... The District has previously issued the $10,485,000 Unlimited Tax Bonds, Series 2017, and the $9,465,000 Unlimited Tax Bonds, Series 2017A. As of July 6, 2018, a total of $19,950,000 of said bonds remains outstanding (the "Outstanding Bonds").

Source of Payment .... Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. The Bonds and the Outstanding Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas (the "City") or any entity other than the District. See "THE BONDS – Sources of Payment."

Use of Proceeds .... A portion of the proceeds of the sale of the Bonds will be used to redeem the $5,573,000 Bond Anticipation Note, Series 2017A (the "BAN"), the proceeds of which were used to reimburse the Developer (hereinafter defined) for a portion of the following: (i) water, sewer and drainage to serve Harvest Green Section 2; (ii) water, sewer and drainage to serve Harvest Green Section 3; (iii) water, sewer and drainage and a joint waterline to serve Harvest Green Section 4; (iv) water, sewer and drainage to serve Harvest Green Section 5; (v) water, sewer and drainage to serve Harvest Green Section 12; (vi) water, sewer and drainage to serve Harvest Green Section 13; (vii) water, sewer and drainage and a joint water and wastewater line to serve Harvest Corner Drive; (viii) a water line extension to serve Harvest Green Section 6; (ix) a water meter to serve Timothy Lane; (x) a joint water and wastewater line to serve Harvest Corner Bridge; (xi) Lift Station No. 2 to serve Harvest Green; (xii) engineering and

	testing for items (i) through (xi); and (xiii) BAN expenses. In addition, a portion of the proceeds of the Bonds will be used to pay a portion of items (i) through (xii) listed above, twelve months of capitalized interest on the Bonds, developer interest, BAN interest, and to pay the BAN and bond issuance costs. See "THE BONDS – Use and Distribution of Bond Proceeds."
Authority	The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended. See "THE DISTRICT – General."
Qualified Tax-Exempt Obligations	The District has NOT designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."
Payment Record	The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE" and "RATING."
Rating	S&P (BAM Insured) – "AA/stable." See "RATING."
Legal Opinion	Coats Rose, P.C., Houston, Texas, Bond Counsel. See "LEGAL MATTERS."
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description	Fort Bend County Municipal Utility District No. 134D, a political subdivision of the State of Texas, is located in Fort Bend County, Texas, approximately 20 miles southwest of downtown Houston. The District is located approximately 1 mile west of the intersection of U.S. Highway 99 and West Airport Boulevard. The land within the District is entirely within the extraterritorial jurisdiction ("ETJ") of the City. See "THE DISTRICT – General, and – Description."
Harvest Green	The District is part of the approximately 1,052-acre master planned community known as "Harvest Green." At full development, Harvest Green is projected to include single family, multi-family, institutional (churches, schools, etc.) and commercial development. Development of Harvest Green began in 2015. See "HARVEST GREEN."
Status of Development Within the District	Of the approximately 547.18 acres of land located within the District, approximately 286.02 acres have been developed with water distribution, sanitary sewer and storm drainage facilities to serve the single-family residential subdivisions of Harvest Green, Sections 1-5 and 7-16 (894 lots). As of June 22, 2018, the District was comprised of 599 completed and occupied homes; 36 completed and unoccupied homes; 167 homes under construction; and 92 vacant, developed lots. The remaining acreage within the District is comprised of 151.74 undeveloped but developable acres and 109.42 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."
Developer/Principal Landowner	The principal developer of land and/or landowner within the District is Grand Parkway 1358 LP, a Texas limited partnership ("Grand Parkway 1358"), which is directly or indirectly owned and/or controlled by the State of Texas General Land Office. See "THE DEVELOPER/PRINCIPAL LANDOWNER."
Homebuilders	Homebuilders active within the District include DR Horton, Newmark Homes, Lennar Homes, Plantation Homes, Meritage Homes, Westin Homes, Highland Homes, Perry Homes, David Weekley Homes, Darling Homes and Trendmaker Homes. Homes within the District range in price from $240,000 to $600,000 and in square footage from 1,600 to 4,600. In 2015, there were approximately 91 new home sales; in 2016, there were approximately 252 new homes sales; in 2017, there were approximately

315 new home sales; and in year-to-date 2018 (through June 22, 2018), there were approximately 157 new home sales. See “DEVELOPER/PRINCIPAL LANDOWNER.”

RISK FACTORS

INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “RISK FACTORS.”

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2018 Certified Assessed Valuation		$ 233,674,577	(a)
See "TAX DATA" and "TAXING PROCEDURES."			
Estimated Valuation as of June 1, 2018		$ 273,087,148	(b)
See "TAX DATA" and "TAXING PROCEDURES."			
Direct Debt:			
The Outstanding Bonds		$ 19,950,000	
The Bonds		9,525,000	
Total Direct Debt:		$ 29,475,000	
Estimated Overlapping Debt		$ 18,949,055	(c)
Total Direct and Estimated Overlapping Debt		$ 48,424,055	
Ratio of Direct Debt to	2018 Certified Assessed Valuation ($233,674,577)	12.61%	
	Estimated Valuation as of June 1, 2018 ($273,087,148).	10.79%	
Ratio of Direct and Estimated Overlapping Debt to……	2018 Certified Assessed Valuation ($233,674,577)	20.72%	
	Estimated Valuation as of June 1, 2018 ($273,087,148).	17.73%	
Debt Service Fund Balance (as of July 26, 2018)		$1,267,841	(d)
General Fund Balance (as of July 26, 2018)		$ 690,234	
Capital Projects Fund Balance (as of July 26, 2018)		$3,375,209	
2017 Tax Rate			
Debt Service	$0.50		
Maintenance & Operation	0.50		
Total		$1.00	
Average Annual Debt Service Requirements (2018-2043)		$1,747,628	
Maximum Annual Debt Service Requirements (2042)		$1,933,768	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2018-2043) at 95% Tax Collections			
Based Upon 2018 Certified Assessed Valuation ($233,674,577)		$0.79	
Based Upon Estimated Valuation as June 1, 2018 ($273,087,148)		$0.68	
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2042) at 95% Tax Collections			
Based Upon 2018 Certified Assessed Valuation ($233,674,577)		$0.88	
Based Upon Estimated Valuation as June 1, 2018 ($273,087,148)		$0.75	
Single-Family Homes (including 167 homes under construction) as of June 22, 2018		802	(e)
Estimated District Population		2,097	(f)

(a) As of January 1, 2018. As certified by the Fort Bend Central Appraisal District (the "FBCAD"). This value amount includes $1,592,032 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of the uncertified value that will ultimately be certified. See "TAXING PROCEDURES."

(b) Provided by FBCAD for information purposes only. Reflects the addition of value of new construction within the District from January 1, 2018 to June 1, 2018. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. Twelve (12) months of capitalized interest on the Bonds will be deposited to the Debt Service Fund upon closing of the Bonds. Additionally, accrued interest on the Bonds from August 1, 2018, to the date of delivery thereof will be deposited to this fund upon closing of the Bonds.

(e) Approximately 599 homes are occupied and 36 homes are unoccupied.

(f) Based on 3.5 people per occupied single-family residence.

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 134D (the "District"), of its $9,525,000 Unlimited Tax Bonds, Series 2018 (the "Bonds").

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

RISK FACTORS

General

The Bonds, are obligations of the District and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas (the "City") or any political subdivision other than the District. The Bonds are secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Economic Factors Affecting Taxable Values and Tax Payments

The rate of development within the District is directly related to the vitality of the single-family housing in the Houston metropolitan area. New single-family residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of single-family residential construction would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Developer's Obligations to the District: The is no commitment by or legal requirement of the Developer (as defined herein), or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the profitability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT WITHIN THE DISTRICT," and "DEVELOPER/PRINCIPAL LANDOWNER."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2018 Certified Assessed Valuation of property within the District (see "FINANCIAL STATEMENT"), is $233,674,577 and the June 1, 2018 Estimated Valuation is $273,087,148. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds (as defined herein) will be $1,933,768 (2042) and the average annual debt service requirement will be $1,747,628 (2018 through 2043, inclusive). Assuming no increase or decrease from the 2018 Certified Assessed Valuation, a tax rate of $0.88 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $1,933,768 and a tax rate of $0.79 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirements of $1,747,628 (see "DISTRICT DEBT – Debt Service Requirements"). Assuming no increase to nor decrease from the June 1, 2018 Estimated Valuation, tax rates of $0.75 and $0.68 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement on the Bonds, respectively. The District levied a 2017 tax rate of $0.50 per $100 of assessed valuation for debt service purposes and $0.50 per $100 of assessed valuation for maintenance and operations purposes.

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/Greenhouse Gas 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—was designated by the EPA in 2008 as a severe ozone nonattainment area under the 1997 "eight-hour" ozone standards ("the 1997 Ozone Standards"). In December 2015, the EPA determined that the HGB area has reached attainment under the 1997 Ozone Standards, and in May 2016, the EPA issued a proposed rule approving Texas's redesignation substitute demonstration for the HGB area. However, until the EPA issues a final ruling, the HGB area is still subject to anti-backsliding obligations and nonattainment new source review requirements associated with the 1997 Ozone Standards.

In 2008, the EPA lowered the ozone standard from 80 parts per billion ("ppb") to 75 ppb ("the 2008 Ozone Standard"), and designated the HGB area as a marginal ozone nonattainment area, effective July 20, 2012. Such nonattainment areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA's 2008 Ozone Standard is met. The HGB area did not reach attainment under the 2008 Ozone Standard by the 2016 deadline, and on September 21, 2016, the EPA proposed to reclassify the HGB area from marginal to moderate under the 2008 Ozone Standard. If reclassified, the HGB area's 2008 Ozone Standard attainment deadline must be met as expeditiously as practicable, but in any event no later than July 20, 2018. If the HGB area fails to demonstrate progress in reducing ozone concentration or fails to meet the EPA's 2008 Ozone Standard, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

On October 1, 2015, the EPA lowered the ozone standard from 75 ppb to 70 ppb ("the 2015 Ozone Standard"). On May 1, 2018, the EPA designated the HGB area as nonattainment for the 2015 Ozone Standard, and submitted this ruling for publication in the Federal Register. The HGB area nonattainment designation will become effective sixty days after publication in the Federal Register. A designation of nonattainment for ozone or any pollutant 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. This designation could make it more difficult for the HGB area to demonstrate progress in reducing ozone concentration.

In order to comply with the EPA's ozone standards for the HGB area, the TCEQ has established a state implementation plan ("SIP") 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. It is possible that additional controls will be necessary to allow the HGB area to reach attainment 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 must establish the total maximum allowable daily load ("TMDL") of certain pollutants into the water bodies. The TMDLs that municipal utility districts may discharge may have an impact on the municipal utility district's ability to obtain and maintain TPDES permits.

On May 27, 2015, the EPA and the United States Army Corps of Engineers ("USACE") jointly issued a final version of the Clean Water Rule ("CWR"), which expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The final rule became effective on August 28, 2015. On October 9, 2015, the United States Court of Appeals for the Sixth Circuit put the CWR on hold nationwide. On January 22, 2018, the United States Supreme Court held that challenges to the CWR must proceed in federal district court as they do not fall within one of the CWA's enumerated categories of EPA actions for which the federal courts of appeal have jurisdiction. On February 6, 2018, the states of Texas, Louisiana, and Mississippi filed a lawsuit in federal district court seeing an injunction enjoining the implementation and enforcement of the CWR.

On June 27, 2017, the EPA and the USACE released a proposed rule rescinding the CWR, reinstating language in place before 2015 changes, and proposing the development of a revised definition of "waters of the United States." This proposed rule was published in the Federal Register on July 27, 2017, the comment period ended on September 28, 2017, and comments are currently under review by the agencies. The EPA plans to issue a proposed new regulation in the spring of 2018, and finalize the revised rule by the end of 2018. On January 31, 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR by two years from the date the rule is published in the Federal Register, until 2020. In response, a coalition of states filed a lawsuit in the U.S. District Court for the Southern District of New York alleging the EPA violated the Administrative Procedure Act by enacting this rule without the customary 30-day comment period. If the CWR is not rescinded, operations of municipal utility districts, including the District, are potentially subject to additional restrictions and requirements, including permitting requirements, if construction or maintenance activities require the dredging, filling or other physical alteration of jurisdictional waters of the United States or associated wetlands that are within the "waters of the United States."

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was renewed by the TCEQ on December 11, 2013. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The renewed MS4 Permit contains more stringent requirements than the standards contained in the previous MS4 Permit. In order to maintain MS4 Permit compliance, the District is partnering with the City to participate in the City's program to develop and implement the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.] Need to confirm with Bond Counsel.

Hurricane Harvey

The Houston area, including Fort Bend County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas gulf coast on August 25, 2017 and historic levels of rainfall during the succeeding four days. According to the District's operator, the District's System did not sustain any significant damage and there was no interruption of water and sewer service. Further, according to the District's Engineer, no homes within the District experienced flooding or other significant damage.

Hurricane Harvey is expected to have a significant short-term impact on the Houston region's economy. It may also have an adverse long-term impact on business activity and development in the region, especially if further destructive weather events occur in the near term. The District cannot predict what impact Hurricane Harvey will have on the assessed value of homes within the District.

Inclement Weather

The District is located approximately 50 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. 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 and the 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 and, therefore, the District's ability to pay its obligations, including the Bonds, could be adversely impacted.

Overlapping Taxes

The District lies entirely within the boundaries of Fort Bend County Municipal Management District No. 1 ("FB MMD 1"). As of June 1, 2018, FB MMD 1 had $11,595,000 in bonds outstanding. The debt service on bonds issued by FB MMD 1 is paid from ad valorem taxes, which taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, FB MMD 1, and other taxing jurisdictions must be added. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. FB MMD 1 set a 2017 tax rate of $0.45 per $100 assessed valuation. Such combined rates are higher than tax rates presently being levied in utility districts in the general vicinity of the District. The District can make no representation that taxable property values in the District and FB MMD 1 will maintain value sufficient to support the continued payment of taxes by property owners. See "SELECTED FINANCIAL INFORMATION."

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property.

Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "TAX DATA—Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property after foreclosure). 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 assessed against such taxpayer.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bond holders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court has ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See "THE BONDS - Registered Owners' Remedies."

Future Debt

Following the issuance of the Bonds, the District will have $176,525,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") authorized but unissued and $309,000,000 in principal amount of bonds for refunding purposes. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. See "DEVELOPMENT WITHIN THE DISTRICT."

After the issuance of the Bonds, the District will owe the Developer approximately $17,370,000 for the existing facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Competitive Nature of Houston Residential Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The respective competitive positions of the Developer and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Collection of Taxes

The District's ability to pay debt service on the Bonds may be adversely affected by its ability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien on the property in favor of the District on a parity with the lien of all other state and local authorities. Such lien can be foreclosed in judicial proceedings. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of a tax collection procedure against a taxpayer or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property including the taxpayer's right to redeem property for a specified period of time after foreclosure at the foreclosure sale price. See "TAXING PROCEDURES - Collection."

Marketability of the Bonds

Other than as described in the Notice of Sale, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9. Under Texas law, the District must obtain the approval of the Texas Commission on Environmental Quality ("TCEQ") prior to filing bankruptcy. The rights and remedies of the Bondholders could be adjusted in accordance with the confirmed plan of adjustment of the District's debt.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

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

Neither the District or Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon request to Bond Counsel. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will mature on September 1 of the years and in principal amounts, and will bear interest from August 1, 2018, or the most recent interest payment date, at the rates per annum, set forth on the cover page of this Official Statement. Interest on the Bonds will be payable March 1, 2019, and semiannually thereafter on each September 1 and March 1 until maturity or redemption. The Bonds maturing on September 1, 2024, and thereafter, 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, 2023, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a particular maturity are redeemed, the Paying Agent/Registrar shall select the particular Bonds to be redeemed by random selection method.

The Bonds will be issued only in fully registered form in any integral multiples of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by Amegy Bank, a division of ZB, N.A., Houston, Texas (the "Paying Agent/Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry- Only System" Below.

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners ("Bondholders") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Bondholder as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Bondholder at the risk and expense of such Bondholder.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as 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.

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

Election Date	Purpose	Amount Authorized	Amount Issued	Remaining Authorized But Unissued
May 9, 2015	Water, Sewer and Drainage and Refunding	$206,000,000	$29,475,000(a)	$176,525,000

(a) Includes the Bonds.

The Bonds are issued pursuant to an order of the TCEQ; the Bond Order; an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

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

Source of Payment

The Bonds and the Outstanding Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied without legal limitation as to rate or amount against taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used to pay principal of and interest on the Bonds, the Outstanding Bonds and on any additional bonds payable from taxes which may hereafter be issued by the District.

Optional Redemption

The Bonds shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2023, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by a random selection method in integral multiples of $5,000 within any one maturity. The Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2032, 2034, 2036, 2038, 2040 and 2043 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

$740,000 Term Bond due September 1, 2032

Mandatory Redemption Date	Principal Amount
September 1, 2031	$360,000
September 1, 2032 (maturity)	380,000

$810,000 Term Bond due September 1, 2034

Mandatory Redemption Date	Principal Amount
September 1, 2033	$395,000
September 1, 2034 (maturity)	415,000

$880,000 Term Bond due September 1, 2036

Mandatory Redemption Date	Principal Amount
September 1, 2035	$430,000
September 1, 2036 (maturity)	450,000

$965,000 Term Bond due September 1, 2038

Mandatory Redemption Date	Principal Amount
September 1, 2037	$470,000
September 1, 2038 (maturity)	495,000

$1,055,000 Term Bond due September 1, 2040

Mandatory Redemption Date	Principal Amount
September 1, 2039	$515,000
September 1, 2040 (maturity)	540,000

$1,765,000 Term Bond due September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2041	$560,000
September 1, 2042	590,000
September 1, 2043 (maturity)	615,000

On or before 30 days prior to each Mandatory Redemption Date as set forth above, the Registrar shall (i) determine the principal amount of the Term Bonds 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 method of random selection, the Term Bonds or portions of the Term Bonds 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 Term Bonds of a maturity to be redeemed shall be reduced, at the discretion of the District, by the principal amount of any Term Bonds of such maturity, which by the 50th day prior to such Mandatory Redemption Date, shall have either been purchased in the open market and delivered or tendered for cancellation by the District or on behalf of the District to the Registrar or optionally redeemed and which, in either case, have not previously been made the basis for a reduction under this sentence

Annexation

The District lies within the extraterritorial jurisdiction of the City. Under legislation effective as of December 1, 2017 ("Senate Bill 6"), the District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and, therefore, the District makes no representation that the City will ever 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

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Bondholder 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 or payment (paying agent) for obligations of the District payable from ad valorem taxes, amounts sufficient to provide for payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

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

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the Record Date and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Outstanding Bonds

The District has previously issued the $10,485,000 Unlimited Tax Bonds, Series 2017, and the $9,465,000 Unlimited Tax Bonds, Series 2017A. As of July 6, 2018, a total of $19,950,000 of said bonds remains outstanding (the "Outstanding Bonds").

Issuance of Additional Debt

The District may issue additional bonds. The District's voters have authorized a total of $206,000,000 principal amount of bonds for the System and the refunding of such bonds. The Bonds are the third series of unlimited tax bonds issued by the District for the System. Following the issuance of the Bonds, $176,525,000 principal amount of unlimited tax bonds for the System will remain authorized and unissued.

Following the issuance of the Bonds, the District will owe the Developer approximately $17,370,000 for District projects, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Jones | Carter (the "Engineer"), following the issuance of the bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of the System to serve the remaining undeveloped land within the District.

Amendments to the Bond Order

The District may, without the consent of or notice to any Bondholder, amend the Bond Order in any manner not detrimental to the interests of the Bondholder, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Bondholders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the

Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (I) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bond holders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See "RISK FACTORS - Registered Owners' Remedies," and"- Bankruptcy Limitation to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Use and Distribution of Bond Proceeds

The construction costs below were compiled by the District's Engineer and were submitted to the TCEQ in the District's Bond Application Report. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

	District's Share
CONSTRUCTION COSTS	
A. Developer Contribution Items	
1. Harvest Green Section 2 – W, WW, & D	$ 445,699
2. Harvest Green Section 3 – W, WW, & D	762,900
3. Harvest Green Section 4 – W, WW, & D & Joint Waterline	720,477
4. Harvest Green Section 5 – W, WW, & D	468,442
5. Harvest Green Section 12 – W, WW, & D	723,795
6. Harvest Green Section 13 – W, WW, & D	965,531
7. Harvest Corner Drive – W, WW, & D, Joint Waterlines & Wastewater Lines	1,324,668
8. Harvest Green Section 6 – Public Waterline Extension	15,264
Total Developer Contribution Items	**$5,426,776**
B. District Items	
9. Timothy Lane Water Meter	$ 46,122
10. Harvest Corner Bridge – Joint Water & Wastewater Line	104,465
11. Harvest Green – Lift Station No. 2	492,547
12. Engineering (item nos. 1-11)	1,214,076
Total Developer Contribution Items	**$ 1,857,210**
TOTAL CONSTRUCTION COSTS	**$ 7,283,986**
NONCONSTRUCTION COSTS	
A. Legal Fees	$ 230,500
B. Fiscal Agent Fees	190,500
C. Interest Costs	
1. Capitalized Interest (12 months)	355,575
2. Developer Interest	636,442
3. BAN Interest	66,373
D. Bond Discount (3%)	285,750
E. Bond Issuance Expenses	43,649
F. Bond Application Report Costs	40,000
G. BAN Expenses	122,349
H. Attorney General Fee	9,500
I. TCEQ Bond Issuance Fee	23,813
J. Contingency (a)	236,563
TOTAL NONCONSTRUCTION COSTS	**$ 2,241,014**
TOTAL BOND ISSUE REQUIREMENT	**$ 9,525,000**

(a) Represents the difference in the estimated and actual costs and can be used for purposes allowed and approved by the TCEQ.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. In the instance that the actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be raised by taxation against all or a portion of the property within the District.

2018 Certified Assessed Valuation		$ 233,674,577 (a)
See "TAX DATA" and "TAXING PROCEDURES."		
Estimated Valuation as of June 1, 2018		$ 273,087,148 (b)
See "TAX DATA" and "TAXING PROCEDURES."		
Direct Debt:		
The Outstanding Bonds		$ 19,950,000
The Bonds		9,525,000
Total Direct Debt:		$ 29,475,000
Estimated Overlapping Debt		$ 18,949,055 (c)
Total Direct and Estimated Overlapping Debt		$ 48,424,055
Ratio of Direct Debt to	2018 Certified Assessed Valuation ($233,674,577)	12.61%
	Estimated Valuation as of June 1, 2018 ($273,087,148).	10.79%
Ratio of Direct and Estimated Overlapping Debt to……	2018 Certified Assessed Valuation ($233,674,577)	20.72%
	Estimated Valuation as of June 1, 2018 ($273,087,148).	17.73%
Debt Service Fund Balance (as of July 26, 2018)		$1,267,841 (d)
General Fund Balance (as of July 26, 2018)		$ 690,234
Capital Projects Fund Balance (as of July 26, 2018)		$3,375,209
2017 Tax Rate		
Debt Service	$0.50	
Maintenance & Operation	0.50	
Total		$1.00
Average Annual Debt Service Requirements (2018-2043)		$1,747,628
Maximum Annual Debt Service Requirements (2042)		$1,933,768

Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2018-2043) at 95% Tax Collections

Based Upon 2018 Certified Assessed Valuation ($233,674,577)	$0.79
Based Upon Estimated Valuation as June 1, 2018 ($273,087,148)	$0.68

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2042) at 95% Tax Collections

Based Upon 2018 Certified Assessed Valuation ($233,674,577)	$0.88
Based Upon Estimated Valuation as June 1, 2018 ($273,087,148)	$0.75

(a) As of January 1, 2018. As certified by the Fort Bend Central Appraisal District (the "FBCAD"). This value amount includes $1,592,032 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of the uncertified value that will ultimately be certified. See "TAXING PROCEDURES."

(b) Provided by FBCAD for information purposes only. Reflects the addition of value of new construction within the District from January 1, 2018 to June 1, 2018. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Neither Texas law nor the Bond Order (hereinafter defined) requires that the District maintain any particular sum in the Debt Service Fund. Twelve (12) months of capitalized interest on the Bonds will be deposited to the Debt Service Fund upon closing of the Bonds. Additionally, accrued interest on the Bonds from August 1, 2018, to the date of delivery thereof will be deposited to this fund upon closing of the Bonds.

Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Outstanding Debt as of June 30, 2018	Percent	Overlapping Amount
Fort Bend County	$593,940,527	0.35%	$ 2,065,140
Fort Bend ISD	969,638,767	0.55	5,288,915
Fort Bend County Municipal Management District No. 1	11,595,000	100.00	11,595,000
TOTAL ESTIMATED OVERLAPPING DEBT			$ 18,949,055
Direct Debt			29,475,000(a)
TOTAL DIRECT & ESTIMATED OVERLAPPING DEBT			$48,424,055(a)

(a) Includes the Bonds.

Debt Ratios

	2018 Certified Assessed Valuation	June 1, 2018 Estimated Valuation
Direct Debt (a)	12.61%	10.79%
Total Direct and Estimated Overlapping Debt (a)	20.72%	17.73%

(a) Includes the Bonds.

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Debt Service Requirements

The following schedule sets forth the principal and interest requirements on the Bonds and the Outstanding Bonds.

Year Ending 12/31	Outstanding Debt Service	Plus: The Bonds Principal	Interest	Total New Debt Service	Total Debt Service
2018	$ 353,966	$ 0	$ 0	$ 0	$ 353,966
2019	1,242,933	215,000	385,206	600,206	1,843,139
2020	1,241,533	225,000	343,750	568,750	1,810,283
2021	1,242,183	235,000	331,375	566,375	1,808,558
2022	1,242,133	245,000	318,450	563,450	1,805,583
2023	1,241,383	255,000	304,975	559,975	1,801,358
2024	1,239,983	265,000	290,950	555,950	1,795,933
2025	1,242,933	280,000	277,700	557,700	1,800,633
2026	1,243,283	290,000	269,300	559,300	1,802,583
2027	1,247,170	305,000	260,600	565,600	1,812,770
2028	1,249,820	320,000	251,450	571,450	1,821,270
2029	1,256,195	330,000	241,850	571,850	1,828,045
2030	1,256,595	345,000	231,950	576,950	1,833,545
2031	1,260,633	360,000	221,600	581,600	1,842,233
2032	1,268,145	380,000	209,900	589,900	1,858,045
2033	1,269,458	395,000	197,550	592,550	1,862,008
2034	1,273,045	415,000	184,219	599,219	1,872,264
2035	1,275,364	430,000	170,213	600,213	1,875,576
2036	1,280,826	450,000	155,163	605,163	1,885,989
2037	1,284,839	470,000	139,413	609,413	1,894,251
2038	1,287,364	495,000	122,375	617,375	1,904,739
2039	1,292,070	515,000	104,431	619,431	1,911,501
2040	1,295,070	540,000	85,763	625,763	1,920,833
2041	1,295,200	560,000	66,188	626,188	1,921,388
2042	1,298,580	590,000	45,188	635,188	1,933,768
2043	353,966	615,000	23,063	638,063	638,063
	$ 30,680,699	$9,525,000	$5,232,619	$14,757,619	$45,438,318

Average Annual Requirements - (2018-2043) $1,747,628
Maximum Annual Requirement - (2042) $1,933,768

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA- Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. 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 "FBCAD") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January I of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the FBCAD or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between $5,000 and $12,000, depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption of the full value of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Freeport Goods Exemption and "Goods-in-Transit": A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Fort Bend County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the District, at the option and discretion of the District, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a Reinvestment Zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the FBCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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 fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of 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 one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the FBCAD to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the FBCAD at least one every three years. It is not known what frequency of reappraisals will be utilized by the FBCAD 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 FBCAD 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 FBCAD chooses to formally include such values on its appraisal roll.

On August 26, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast, severely impacting the entire region and resulting in a disaster declaration by the Governor of the State of Texas and the President of the United States. See "RISK FACTORS – Inclement Weather." When requested by a local taxing unit, such as the District, the FBCAD is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. On September 12, 2017, Fort Bend County adopted a resolution requesting a reappraisal of the property damaged by Hurricane Harvey. However, because the District did not sustain any damage due to Hurricane Harvey, the District determined that reappraisal of the property within the District was not necessary.

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. Effective September 1, 2003, the District was required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. If the proposed combined debt service, operation and maintenance and contract tax rates imposes a tax more than 1.08 times the amount of tax imposed in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead, disregarding any homestead exemption available to the disabled or persons 65 years of age or older, the qualified voters of the taxing jurisdiction by petition of ten percent of the registered voters in the taxing jurisdiction may require that an election be held to determine whether to reduce the operation and maintenance tax to the rollback tax rate.

District and Taxpayer Remedies

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

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 date of delinquency may be postponed if the tax bills are mailed after January 1. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and the Outstanding Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, not to exceed $1.50 per $100 of assessed valuation, for operation and maintenance purposes. The District levied a 2017 tax rate of $0.50 per $100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2015-2017 tax years:

Tax Year	Certified Assessed Valuation	Tax Rate/ $100 (a)	Adjusted Levy	% of Collections Current Year	Period Ending 9/30	% of Collections as of 5/31/18
2015	$ 72,990	$1.00	$ 730	100.00%	2016	100.00%
2016	34,690,649	1.00	346,906	100.00	2017	100.00
2017	134,416,796	1.00	1,344,168	99.60(b)	2018	99.60(b)

(a) Includes a tax for maintenance and operation purposes. See "- Tax Rate Distribution" below.
(b) In process of collection.

Tax Rate Distribution

	2017	2016	2015(a)
Debt Service	$0.500	$0.000	$0.000
Maintenance	0.500	1.000	1.000
	$1.000	$1.000	$1.000

(a) The District levied its operations and maintenance tax for the first time in 2015.

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the tax years 2015-2018 by type of property.

Type of Property	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation	2015 Assessed Valuation
Land	$60,455,227	$41,796,251	$19,457,194	$ 20,690
Improvements	189,143,472	97,432,635	15,495,119	52,300
Personal Property	466,166	482,990	392,250	0
Less Exemption	(16,390,288)	(5,295,080)	(653,914)	(0)
Total	$233,674,577	$134,416,796	$34,690,649	$ 72,990

Principal Taxpayers

The table below represents the principal taxpayers, type of property, and their assessed values as of January 1, 2018.

Taxpayer	Type of Property	Assessed Valuation 2018 Tax Roll	% of Tax Roll
Grand Parkway 1358 LP (a)	Land	$ 1,686,360	0.722%
Westin Homes & Properties	Land & Improvements	1,488,810	0.637%
Trendmaker Homes Inc.	Land, Improvements & Personal Property	1,394,690	0.597%
Meritage Homes of Texas LLC	Land & Improvements	1,148,860	0.492%
D R Horton – Texas LTD	Land & Improvements	956,560	0.409%
Newmark Homes LLC	Land & Improvements	858,970	0.368%
SSPL LLC	Land	799,790	0.342%
Perry Homes LLC	Land & Improvements	745,970	0.319%
Shops at Harvest Green LLC	Land & Improvements	736,570	0.315%
Weekley Homes LLC	Land & Improvements	661,330	0.283%
Total		$10,477,910	4.484%

(a) See "DEVELOPER/PRINCIPAL LANDOWNER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2018 Certified Assessed Valuation ($233,674,577) or the Estimated Valuation as of June 1, 2018 ($273,087,148). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2018-2043)	$1,747,628
Tax Rate of $0.79 on the 2018 Certified Assessed Valuation at 95% collection produces	$1,753,728
Tax Rate of $0.68 on the June 1, 2018 Estimated Valuation at 95% collection produces	$1,764,143
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2042)	$1,933,768
Tax Rate of $0.88 on the 2018 Certified Assessed Valuation at 95% collection produces	$1,953,519
Tax Rate of $0.75 on the June 1, 2018 Estimated Valuation at 95% collection produces	$1,945,746

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2017 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2017 Tax Rate/ Per $100 of A.V.
The District	$1.000000
Fort Bend County	0.453000
Fort Bend Independent School District	1.320000
Fort Bend County MMD No. 1 (a)	0.450000
Estimated Total Tax Rate	$3.223000

(a) See "RISK FACTORS – Overlapping Taxes."

THE DISTRICT

General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution, located in Fort Bend County, Texas. The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134A and Redefining Boundaries. Dated February 13, 2015 (the "Order Dividing"), pursuant to Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, as amended, by Senate Bill 1872, 79th Legislature, Regular Session, 2013 (collectively, the "Act"). The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation to those conferred by Article XVI, Section 59 of the Texas Constitution, the Act, and Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

Description

The District is located in central Fort Bend County, approximately 5 miles west of Sugar Land and 20 miles southwest of downtown Houston. The District is located approximately 1 mile west of the intersection of U.S. Highway 99 and West Airport Boulevard. The land within the District is entirely within the ETJ of the City.

The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service.

Management of the District

The District is governed by a board of five directors which has control over and management supervision of all affairs of the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Robert Hernandez	President	2020
Scott Owen	Vice President	2022
Michole Fields	Secretary	2020
Crystal Harris	Assistant Secretary	2022
Gregory L. Rhodes	Assistant Secretary	2022

The District employs the following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Tax Tech Inc.

Bookkeeper – The District contracts with L&S District Services, LLC, for bookkeeping services.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended December 31, 2017, is included as "APPENDIX A" to this Official Statement.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Jones | Carter (the "Engineer").

Legal Counsel – The District employs Coats Rose, P.C. 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 contingent on the sale and delivery of the Bonds. Coats Rose, P.C. also acts as general counsel for the District.

Disclosure Counsel – The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas as Disclosure Counsel in connection with the issuance of the Bonds. The legal fees to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT WITHIN THE DISTRICT

Of the approximately 547.18 acres of land located within the District, approximately 286.02 acres have been developed with water distribution, sanitary sewer and storm drainage facilities to serve the single-family residential subdivisions of Harvest Green, Sections 1-5 and 7-16 (894 lots). As of June 22, 2018, the District was comprised of 599 completed and occupied homes; 36 completed and unoccupied homes; 167 homes under construction; and 92 vacant, developed lots. The remaining acreage within the District is comprised of 151.74 undeveloped but developable acres and 109.42 undevelopable acres.

The following is a status of construction of single-family housing within the District as of June 22, 2018:

Development	Acreage	Platted Lots	Completed Occupied Homes	Completed Unoccupied Homes	Homes Under Construction	Vacant Lots
Harvest Green,						
Section 1	17.60	59	59	0	0	0
Section 2	15.24	66	64	2	0	0
Section 3	23.02	93	93	0	0	0
Section 4	19.07	55	54	1	0	0
Section 5	18.34	44	30	1	12	1
Section 7	8.53	10	0	0	7	3
Section 8	3.84	8	0	0	4	4
Section 9	14.49	38	24	1	11	2
Section 10	13.90	30	0	6	9	15
Section 11	17.38	60	60	0	0	0
Section 12	19.03	79	51	6	13	9
Section 13	27.45	123	106	1	16	0
Section 14	31.34	71	24	14	23	10
Section 15	49.67	123	33	3	61	26
Section 16	7.12	35	1	1	11	22
	296.44	894	599	36	167	92
Undeveloped but Developable Acreage	151.74					
Undevelopable Acreage	109.42					
Total	547.18					

Homebuilders active within the District include DR Horton, Newmark Homes, Lennar Homes, Plantation Homes, Meritage Homes, Westin Homes, Highland Homes, Perry Homes, David Weekley Homes, Darling Homes and Trendmaker Homes. Homes within the District range in price from $240,000 to $600,000 and in square footage from 1,600 to 4,600. In 2015, there were approximately 91 new home sales; in 2016, there were approximately 252 new home sales; in 2017, there were approximately 315 new home sales; and in year-to-date 2018 (through June 22, 2018), there were approximately 157 new home sales. See “DEVELOPER/PRINCIPAL LANDOWNER – Lot Sales Contracts.”

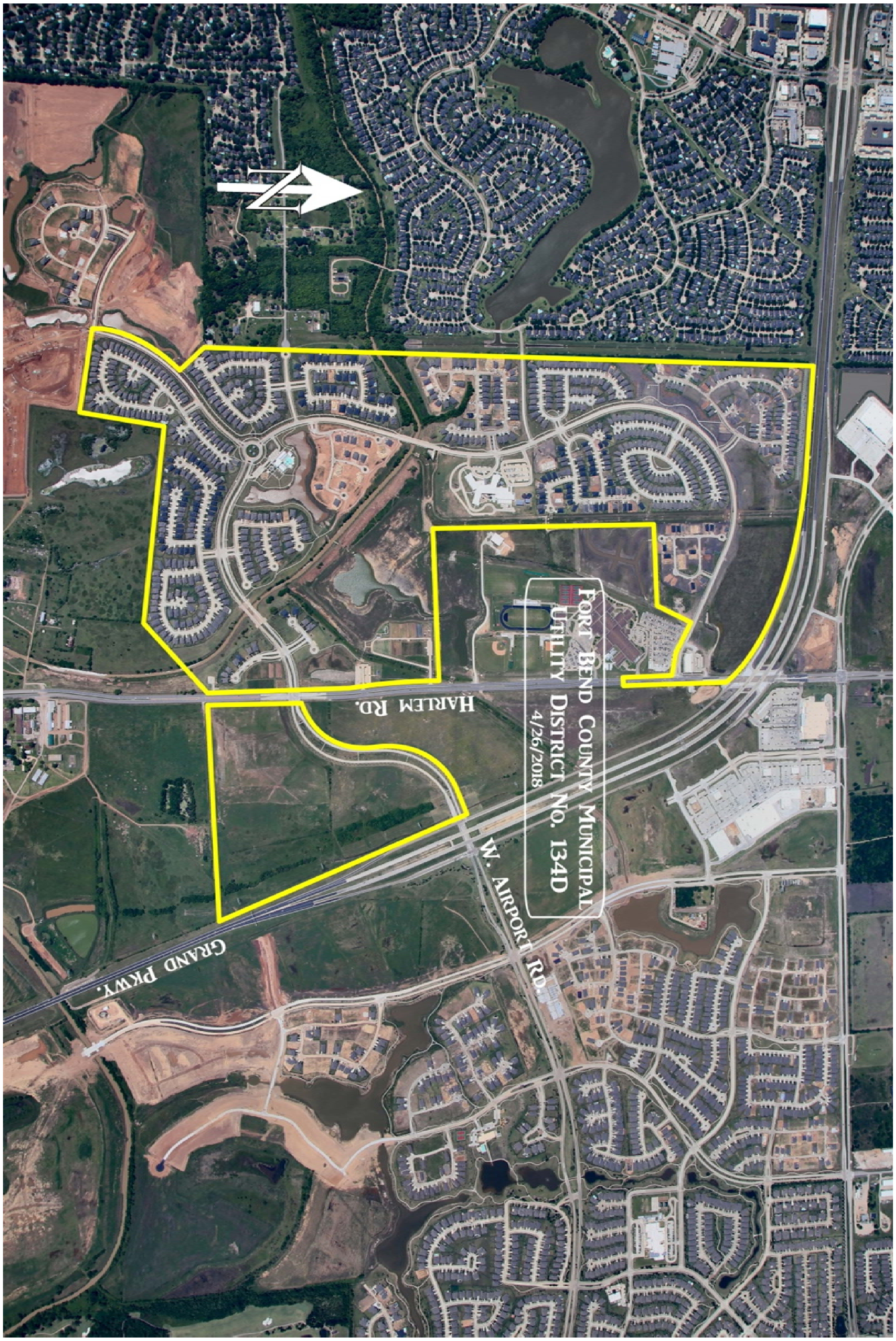
HARVEST GREEN

The District is part of the approximately 1,052-acre master planned community known as “Harvest Green.” The District is one of two municipal utility districts within Harvest Green with the power of acquiring or constructing a waterworks, wastewater and storm drainage system. At full development, Harvest Green is projected to include single family, multi-family, institutional (churches, schools, etc.) and commercial development. Development of Harvest Green began in 2015.

Two municipal utility districts have been created to encompass the land within Harvest Green: the District and Fort Bend County MUD 134E (“MUD 134E”). Each of the District and MUD 134E (collectively, the “Districts”) provides water, wastewater and storm drainage facilities to the property within their respective boundaries. MUD 134E operates and maintains certain shared water, wastewater and drainage facilities, including a leased wastewater treatment plant, for the benefit of the Districts. The Developer has advanced funds on behalf of the District and MUD 134E to finance the construction of the water and wastewater facilities to serve portions of the land within the District and MUD 134E. Development of water, sewer and drainage has begun in the District and MUD 134E. Development for MUD 134E began in the last quarter of 2017. Within MUD 134E, approximately 21.80 acres have been developed as Harvest Green, Section 17 (30 lots). As of June 1, 2018, MUD 134E was comprised of 5 completed and occupied homes; 4 completed and unoccupied homes; 11 homes under construction; and 10 vacant, developed lots. See “THE SYSTEM.”

Harvest Green is planned to include a 300-acre Harvest Green Farm that will supply farm-fresh produce through the community’s Farm Share Program. There is also a 12-acre Village Farm planned that will provide farm plots for lease, tours, events and classes for residents and the Farm House Recreation Center, which has a pool, fitness center, splash pad, amphitheater and playground.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken May 2018)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken May 2018)








DEVELOPER/PRINCIPAL LANDOWNER

The Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district, designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

The Developer

The principal developer of land within the District is Grand Parkway 1358 LP, a Texas limited partnership ("Grand Parkway 1358" or the "Developer"), which is owned and controlled by the State of Texas General Land Office. Grand Parkway 1358 was created to own and/or develop land in the Harvest Green project, and all of the assets and liabilities of Grand Parkway 1358 is related solely to the Harvest Green project.

Development Management

The development of the Harvest Green project is being managed by an affiliate of The Johnson Development Corp. Larry D. Johnson, President of The Johnson Development Corp., has over 40 years of experience in real estate development. Mr. Johnson's real estate activities have included over 77 projects resulting in the development of nearly 40,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master planned golf course communities and multi-family housing. In the Houston metropolitan area, in addition to Harvest Green, Mr. Johnson's developments include Atascocita, Steeplechase, Sienna Plantation, Riverstone, Silverlake, Fall Creek, Woodforest, Imperial Sugar Land, Edgewater, Tuscan Lakes, Cross Creek Ranch, Harmony, Grand Central Park, Jordan Ranch and Veranda.

Development Financing

In October 2014, the Developer obtained a revolving credit development loan for the Harvest Green project from Woodforest Bank. The loan, as amended, may have a maximum principal balance of $15,000,000, bears interest at prime plus 1%, with a minimum rate of 5.00%, and matures on March 31, 2021. The loan is secured by a first lien deed of trust on approximately 1,052 acres of land in the Harvest Green project, owned by the Developer. The outstanding balance on the loan was $4,783,702 as of June 21, 2018. According to the Developer, it is in compliance with all material conditions of the loan.

THE SYSTEM

Water Supply Facilities

Approximately 547 acres within Harvest Green are located within the District and approximately 95 acres within Harvest Green are located within MUD 134E, and MUD 134E has annexed approximately 398 additional acres located within the District. Development has begun within the District and MUD 134E. The District currently receives all of its water from Pecan Grove Municipal Utility District ("PGMUD") pursuant to a temporary agreement with PGMUD that expires upon the earlier of the District completing the construction of a water plant or December 31, 2019. PGMUD currently owns one surface water plant, three groundwater plants with five wells totaling 8,200 gallons per minute ("gpm"), 2,676,000,000 of ground storage tank capacity, booster pumps totaling 12,600 gpm capacity, 120,000 gallons of pressure tank capacity and appurtenant equipment. The District is currently constructing its first water plant which will serve 1,762 equivalent single family connections ("ESFCs"). Funding for the water plant was included in the proceeds of the Series 2017 Unlimited Tax Bonds.

Source of Wastewater Treatment

MUD 134E has entered into a lease with option to purchase for a 200,000 gallon-per-day ("gpd") wastewater treatment plant ("WWTP") which it is using to serve the District. The District has entered into a Waste Disposal Agreement with MUD 134E. The WWTP is capable of serving 667 ESFCs, which is sufficient to serve the connections in the District. An additional 200,000 gpd WWTP expansion is currently under construction and is anticipated to be completed by the end of July 2018.

100-Year Floodplain

The District currently has approximately 51.2 acres within the 100-year floodplain as determined by the Flood Insurance Rate Map 48157C0255L for Fort Bend County, Texas, approved by the Federal Emergency Management Agency (FEMA) on April 2, 2014. This area is adjacent to and along Oyster Creek and includes a portion of the detention pond and drainage channels. There are no single family residences located within the 100-year floodplain. There are no plans for residential building pads to be located within the 100-year floodplain.

General Fund Operating Statement

The following is a summary of the District's Operating Fund since its inception in 2015. The figures for the fiscal years 2015 through 2017 were obtained from the District's annual financial reports, reference to which is hereby made. The figures for fiscal year 2018 were obtained from the bookkeeper. The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	UNAUDITED	Fiscal Year Ended December 31,		
	2018 (a)	2017	2016	2015
REVENUES:				
Property taxes	$ 99,199	$ 381,558	$ 730	$ 0
Water service	106,636	248,306	174,685	6,646
Sewer service	664,375	496,077	102,213	5,841
Surface Water Conversion	0	0	0	0
Penalties and interest	5,791	18,526	7,239	534
Tap connection and inspection fees	179,981	763,859	445,458	192,965
Investment income	5,888	921	225	39
Other income	3,593	3,129	0	3,330
TOTAL REVENUES	$ 1,065,463	$ 1,912,376	$ 730,550	$ 209,355
EXPENDITURES:				
Purchased Services	$ 143,709	$ 329,229	$ 157,069	$ 30,000
Professional Fees	34,675	109,025	115,706	61,488
Contracted Services	215,110	567,267	699,971	78,526
Repairs & Maintenance	48,066	212,689	69,538	8,920
Utilities	24,661	51,836	5,031	0
Contractual Obligations	0	258,719	0	0
Joint Wastewater Treatment Plant	0	54,264	0	0
Administrative	10,103	27,254	17,368	9,293
Other	2,834	9,028	0	2,740
TOTAL EXPENDITURES	$ 479,158	$1,619,311	$1,064,503	$ 190,967
Excess (Deficiency) of Revenues Over Expenditures	$586,305	$ 293,065	($333,953)	$ 18,388
Developer Advances	$ 0	$ 62,500	$ 71,000	$ 136,000
Balance, Beginning of Year	$ 247,000	($108,565)	$ 154,388	$ 0
Balance, End of Year	$ 833,305	$ 247,000	($108,565)	$ 154,388

(a) January, 2018 through April, 2018.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against the District contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Coats Rose, P.C., Houston, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original

Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Collateral Federal Income Tax Consequences

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b) of the code.

NO MATERIAL ADVERSE CHANGE

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Under the covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A - Financial Statements of the District." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2018.

Any information 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 report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available.

The District's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 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.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule" or "SEC Rule 15c2-12"); (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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide operating information, financial 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 information will be available to holders of Bonds at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders 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 to 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 by only (1) 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 SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District Engineer, the Developer, the Tax Assessor/Collector, the Auditor, the Fort Bend County Appraisal District and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

The District's audited financial statements for the year ended December 31, 2017, were prepared by McGrath & Co. PLLC, and have been included herein as "APPENDIX A." McGrath & Co. PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER – The Developer" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to the District's financial statements, in particular, the information in APPENDIX A, has been provided by the Auditor and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, the engineering information included in the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the Fort Bend County Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board of Directors of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data, contained in this Official Statement, of or pertaining to entities other than the District, such statements and data have been obtained from sources which the District believes to be reliable, and the District has no reason to believe that they are untrue in any material respect.

Updating the Official Statement

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 134D as of the date specified on the first page hereof.

/s/ Robert Hernandez
President, Board of Directors
Fort Bend County Municipal Utility District No. 134D

ATTEST:

/s/ Michole Fields
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 134D

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 134D

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2017

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McGrath & Co., PLLC
Certified Public Accountants
P.O. Box 270148
Houston, Texas 77277

Mark W. McGrath CPA
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Colette M. Garcia CPA
colette@mcgrath-co.com

Independent Auditors' Report

Board of Directors
Fort Bend County Municipal Utility District No. 134D
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. 134D, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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.

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. 134D, as of December 31, 2017, 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

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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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
May 4, 2018

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. 134D (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 December 31, 2017. 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 December 31, 2017, was negative $3,933,023. A comparative summary of the District's overall financial position, as of December 31, 2017 and 2016, is as follows:

	2017	2016
Current and other assets	$ 6,763,789	$ 887,463
Capital assets	25,522,743	18,181,910
Total assets	32,286,532	19,069,373
Current liabilities	6,490,489	5,128,740
Long-term liabilities	28,383,898	14,526,288
Total liabilities	34,874,387	19,655,028
Total deferred inflows of resources	1,345,168	348,531
Net position		
Net investment in capital assets	(4,775,164)	(858,723)
Restricted	1,401,225	104,102
Unrestricted	(559,084)	(179,565)
Total net position	$ (3,933,023)	$ (934,186)

The total net position of the District decreased during the current fiscal year by $2,998,837. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2017	2016
Revenues		
Water and sewer service	$ 629,864	$ 276,898
Property taxes, penalties and interest	514,603	7,969
Other	795,750	446,020
Total revenues	1,940,217	730,887
Expenses		
Current service operations	1,848,125	1,190,028
Debt interest and fees	465,601	45,345
Developer interest	447,927	
Debt issuance costs	1,759,288	95,765
Depreciation/amortization	418,113	278,830
Total expenses	4,939,054	1,609,968
Change in net position	(2,998,837)	(879,081)
Net position, beginning of year	(934,186)	(55,105)
Net position, end of year	$ (3,933,023)	$ (934,186)

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2017, were $4,661,333, which consists of $247,000 in the General Fund, $888,842 in the Debt Service Fund, and $3,525,491 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2017 and 2016 is as follows:

	2017	2016
Total assets	$ 1,460,082	$ 464,317
Total liabilities	$ 540,498	$ 224,351
Total deferred inflows	672,584	348,531
Total fund balance	247,000	(108,565)
Total liabilities, deferred inflows and fund balance	$ 1,460,082	$ 464,317

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

	2017	2016
Total revenues	$ 1,912,376	$ 730,550
Total expenditures	(1,619,311)	(1,064,503)
Revenues over/(under) expenditures	293,065	(333,953)
Other changes in fund balance	62,500	71,000
Net change in fund balance	$ 355,565	$ (262,953)

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, tap connection fees charged to homebuilders in the District and developer advances. 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 and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.
- The District's developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Order adopted by the Board. As required by the Bond Order, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of December 31, 2017 is as follows:

Total assets	$ 1,561,426
Total deferred inflows	$ 672,584
Total fund balance	888,842
Total deferred inflows and fund balance	$ 1,561,426

A summary of activities of the Debt Service Fund for the current year is as follows:

Total revenues	$ 18,571
Total expenditures	(227,438)
Revenues under expenditures	(208,867)
Other changes in fund balance	1,097,709
Net change in fund balance	$ 888,842

The District's financial resources in the Debt Service Fund are from capitalized interest from the sale of bonds. 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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2017 and 2016 is as follows:

	2017	2016
Total assets	$ 3,742,281	$ 423,146
Total liabilities	$ 216,790	$ 319,044
Total fund balance	3,525,491	104,102
Total liabilities and fund balance	$ 3,742,281	$ 423,146

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

	2017	2016
Total revenues	$ 23,234	$ 337
Total expenditures	(16,487,136)	(4,300,235)
Revenues under expenditures	(16,463,902)	(4,299,898)
Other changes in fund balance	19,885,291	4,404,000
Net change in fund balance	$ 3,421,389	$ 104,102

The District had considerable capital asset activity in the last two years, which was financed with the proceeds of the issuance of its Series 2017 and Series 2017A Unlimited Tax Bonds and its Series 2017 and Series 2017A Bond Anticipation Notes (BAN) in the current year, and the issuance of its Series 2016 BAN 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 did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $251,908 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer 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 December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Capital assets not being depreciated		
Land and improvements	$ 7,300,051	$ 5,087,740
Construction in progress	178,265	899,345
	7,478,316	5,987,085
Capital assets being depreciated/amortized		
Infrastructure	9,856,015	5,669,372
Interest in joint facilities	8,958,848	6,877,776
	18,814,863	12,547,148
Less accumulated depreciation/amortization		
Infrastructure	(417,204)	(198,178)
Interest in joint facilities	(353,232)	(154,145)
	(770,436)	(352,323)
Depreciable capital assets, net	18,044,427	12,194,825
Capital assets, net	$ 25,522,743	$ 18,181,910

Capital asset additions during the current year include the following:

- Utilities to serve Harvest Green Sections 9, 10, 14, 15 and 16, Harvest Corner Drive Section 2, Harvest Home Drive Section 1, and Harvest Corner Bridge
- Detention facilities to serve Harvest Green Phase II and Harvest Green Phase III
- 0.2 MGD Harvest Green wastewater treatment plant
- Harlem Road force main
- Lift Station No. 2

The District's construction in progress is for engineering fees related to the construction of water plant no. 1.

Long-Term Debt and Related Liabilities

As of December 31, 2017, the District owes the developer $8,433,898 for completed projects and operating advances. As discussed in Note 7, the District has an additional commitment in the amount of $1,145,727 for projects under construction by the developer. As previously mentioned, the District will owe its developer for these projects upon completion of construction, at which time the capital assets and related liability will be recorded on the District's financial statements. The District intends to reimburse the developer from proceeds of future bond issues.

During the year, the District issued $19,950,000 in unlimited tax bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of December 31, 2016.

At December 31, 2017, the District had $186,050,000 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 current fiscal year, the District issued its $5,285,000 Series 2017 BAN and its $5,573,000 Series 2017A BAN to provide short term financing for developer reimbursements. During the current fiscal year, the District repaid the Series 2017 BAN with the proceeds of the 2017A Unlimited Tax Bonds. The District intends to repay the 2017A 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:

	2017 Actual	2018 Budget
Total revenues	$ 1,912,376	$ 1,677,916
Total expenditures	(1,619,311)	(1,585,687)
Revenues over expenditures	293,065	92,229
Other changes in fund balance	62,500	
Net change in fund balance	355,565	92,229
Beginning fund balance	(108,565)	247,000
Ending fund balance	$ 247,000	$ 339,229

Property Taxes

The District's property tax base increased approximately $99,664,000 for the 2017 tax year from $34,853,182 to $134,516,766. This increase was primarily due to new construction in the District. For the 2017 tax year, the District has levied a maintenance tax rate of $0.50 per $100 of assessed value and a debt service tax rate of $0.50 per $100 of assessed value, for a total combined tax rate of $1.00 per $100. The tax rate for the 2016 tax year was $1.00 per $100 for maintenance and operations.

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Basic Financial Statements

Fort Bend County Municipal Utility District No. 134D
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 340,744	$ 331,881	$ 733,317	$ 1,405,942	$ -	$ 1,405,942
Investments	395,100	556,961	3,064,171	4,016,232		4,016,232
Taxes receivable	620,065	620,065		1,240,130		1,240,130
Customer service receivables	101,485			101,485		101,485
Internal balances	2,688	52,519	(55,207)			
Capital assets not being depreciated					7,478,316	7,478,316
Capital assets, net					18,044,427	18,044,427
Total Assets	$ 1,460,082	$ 1,561,426	$ 3,742,281	$ 6,763,789	25,522,743	32,286,532
Liabilities						
Accounts payable	$ 361,968	$ -	$ 38,525	$ 400,493		400,493
Other payables	60,786			60,786		60,786
Customer deposits	90,475			90,475		90,475
Unearned revenue	11,640			11,640		11,640
Due to other governments	15,629		178,265	193,894		193,894
Accrued interest payable					160,201	160,201
Bond anticipation note payable					5,573,000	5,573,000
Due to developer					8,433,898	8,433,898
Long-term debt						
Due after one year					19,950,000	19,950,000
Total Liabilities	540,498		216,790	757,288	34,117,099	34,874,387
Deferred Inflows of Resources						
Deferred property taxes	672,584	672,584		1,345,168		1,345,168
Fund Balances/Net Position						
Fund Balances						
Restricted		888,842	3,525,491	4,414,333	(4,414,333)	
Unassigned	247,000			247,000	(247,000)	
Total Fund Balances	247,000	888,842	3,525,491	4,661,333	(4,661,333)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,460,082	$ 1,561,426	$ 3,742,281	$ 6,763,789		
Net Position						
Net investment in capital assets					(4,775,164)	(4,775,164)
Restricted for debt service					1,401,225	1,401,225
Unrestricted					(559,084)	(559,084)
Total Net Position					$ (3,933,023)	$ (3,933,023)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 134D
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 381,558	$ -	$ -	$ 381,558	$ -	$ 381,558
Sewer service	248,306			248,306		248,306
Property taxes	496,077			496,077		496,077
Penalties and interest	18,526			18,526		18,526
Tap connection and inspection	763,859			763,859		763,859
Accrued interest on bonds sold		13,964		13,964	(13,964)	
Miscellaneous	921			921		921
Investment earnings	3,129	4,607	23,234	30,970		30,970
Total Revenues	1,912,376	18,571	23,234	1,954,181	(13,964)	1,940,217
Expenditures/Expenses						
Current service operations						
Purchased services	329,229			329,229		329,229
Professional fees	109,025		91,560	200,585		200,585
Contracted services	567,267			567,267		567,267
Repairs and maintenance	212,689			212,689		212,689
Utilities	51,836			51,836		51,836
Contractual obligations	258,719			258,719		258,719
Joint wastewater treatment plant	54,264		137,000	191,264		191,264
Administrative	27,254	68	186	27,508		27,508
Other	9,028			9,028		9,028
Capital outlay			13,913,836	13,913,836	(13,913,836)	
Debt service						
Interest and fees		227,370	137,339	364,709	100,892	465,601
Developer interest			447,927	447,927		447,927
Debt issuance costs			1,759,288	1,759,288		1,759,288
Depreciation/amortization					418,113	418,113
Total Expenditures/Expenses	1,619,311	227,438	16,487,136	18,333,885	(13,394,831)	4,939,054
Revenues Over/(Under) Expenditures	293,065	(208,867)	(16,463,902)	(16,379,704)	16,379,704	
Other Financing Sources/(Uses)						
Proceeds from bond anticipation notes			10,858,000	10,858,000	(10,858,000)	
Proceeds from sale of bonds		1,097,709	18,852,291	19,950,000	(19,950,000)	
Repayment of bond anticipation notes			(9,825,000)	(9,825,000)	9,825,000	
Developer advances	62,500			62,500	(62,500)	
Net Change in Fund Balances	355,565	888,842	3,421,389	4,665,796	(4,665,796)	
Change in Net Position					(2,998,837)	(2,998,837)
Fund Balances/Net Position						
Beginning of the year	(108,565)		104,102	(4,463)	(929,723)	(934,186)
End of the year	$ 247,000	$ 888,842	$ 3,525,491	$ 4,661,333	$ (8,594,356)	$ (3,933,023)

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. 134D (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 in accordance with Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, by that certain order dividing Fort Bend County Municipal Utility District No. 134A into three districts: the District, Fort Bend County Municipal Utility District No. 134A, and Fort Bend County Municipal Utility District No. 134E, dated February 13, 2015, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 20, 2015 and the first bonds were sold on February 9, 2017.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. Pursuant to that Infrastructure Agreement effective May 20, 2015, Fort Bend County Municipal Management District No. 1 is responsible for providing roads and recreational facilities to serve the land within its boundaries, which includes land that is also located within the District's boundaries. 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 appointed five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local 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.*

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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.

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 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. During the current year, financial resources consisted of capitalized interest from the sale of bonds.
- 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 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 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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 December 31, 2017, an allowance for uncollectible accounts 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 the estimated fair market value at the date of donation. 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, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Interest in joint facilities	45 years

The District's detention facilities are considered improvements to land and are non-depreciable.

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. Additionally, collections of the 2017 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes

Deferred inflows of financial resources at the government-wide level consist of the 2017 property tax levy, which was levied to finance the 2018 fiscal year.

Net Position – Governmental Activities

Accounting standards establishes 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 does not have any nonspendable fund balances.

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. District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and capitalized interest from the sale of bonds 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 collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; 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		$ 4,661,333
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 26,293,179	
Less accumulated depreciation/amortization	(770,436)	
Change due to capital assets		25,522,743
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	(19,950,000)	
Interest payable on bonds	(160,201)	
Bond anticipation note payable	(5,573,000)	
Change due to long-term debt		(25,683,201)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(8,433,898)
Total net position - governmental activities		$ (3,933,023)

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		$ 4,665,796
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	$ 13,913,836	
Depreciation/amortization expense	(418,113)	
		13,495,723
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	(19,950,000)	
Repayment of bond anticipation notes	9,825,000	
Interest expense accrual	(114,856)	
Bond anticipation note proceeds	(10,858,000)	
		(21,097,856)
Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position.*		(62,500)
Change in net position of governmental activities		$ (2,998,837)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Note 3 – Deposits and Investments (continued)

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.

As of December 31, 2017, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 395,100		
	Debt Service	556,961		
	Capital Projects	3,064,171		
		$ 4,016,232	AAAm	33 days

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.

Note 3 – Deposits and Investments (continued)

TexPool (continued)

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 4 – Interfund Balances

Amounts due to/from other funds at December 31, 2017, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
Debt Service Fund	General Fund	$ 52,519	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	55,207	Bond application fees and capital outlay 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 December 31, 2017, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 5,087,740	$ 2,212,311	$ -	$ 7,300,051
Construction in progress	899,345	178,265	(899,345)	178,265
	5,987,085	2,390,576	(899,345)	7,478,316
Capital assets being depreciated/amortized				
Infrastructure	5,669,372	4,186,643		9,856,015
Interest in joint facilities	6,877,776	2,081,072		8,958,848
	12,547,148	6,267,715		18,814,863
Less accumulated depreciation/amortization				
Infrastructure	(198,178)	(219,026)		(417,204)
Interest in joint facilities	(154,145)	(199,087)		(353,232)
	(352,323)	(418,113)		(770,436)
Subtotal depreciable capital assets, net	12,194,825	5,849,602		18,044,427
Capital assets, net	$ 18,181,910	$ 8,240,178	$ (899,345)	$ 25,522,743

Depreciation and amortization expense for the current year was $418,113.

Note 6 – Bond Anticipation Notes

The District uses a bond anticipation note (BAN) to provide short term financing for reimbursements to its developer. 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 $4,540,000. This BAN was repaid on February 9, 2017 with proceeds from the issuance of the District's Series 2017 Unlimited Tax Bonds.

On April 25, 2017, the District issued its $5,285,000 Series 2017 BAN with an interest rate of 2.50%, which was due on April 24, 2018. The district paid this BAN on December 7, 2017 with proceeds from the issuance of its Series 2017A Unlimited Tax Bonds.

On December 21, 2017, the District issued its $5,573,000 2017A BAN with an interest of 1.75% which is due on December 20, 2018.

Note 6 – Bond Anticipation Notes (continued)

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

Beginning balance	$	4,540,000
Amounts borrowed		10,858,000
Amounts repaid		(9,825,000)
Ending balance	$	5,573,000

Note 7 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, and drainage facilities. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer 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 District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	$	14,526,288
Developer funded construction and adjustments		7,498,628
Developer operating advances		62,500
Developer reimbursements		(13,653,518)
Due to developer, end of year	$	8,433,898

In addition, the District will owe the developer approximately $1,145,727, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Harvest Green joint wastewater treatment plant expansion to 0.4 MGD and lift station no. 1 Phase II expansion	$ 1,145,727	$ 16,192	$ 1,129,535

Note 8 – Long–Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 19,950,000
Due within one year	$ -

The District's bonds payable at December 31, 2017, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017	$ 10,485,000	$ 10,485,000	2.00% - 4.20%	September 1, 2019/2042	March 1, September 1	September 1, 2024
2017A	9,465,000	9,465,000	3.00% - 4.00%	September 1, 2019/2042	March 1, September 1	September 1, 2025
	$ 19,950,000					

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 December 31, 2017, the District had authorized but unissued bonds in the amount of $186,050,000 for water, sewer and drainage facilities and the refunding of such bonds.

On February 9, 2017 the District issued its $10,485,000 Series 2017 Unlimited Tax Bonds at a net effective interest rate of 4.071535%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $4,450,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

On December 7, 2017 the District issued its $9,465,000 Series 2017A Unlimited Tax Bonds at a net effective interest rate of 3.501067%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $5,285,000 BAN issued during the current fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

Note 8 – Long–Term Debt (continued)

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

Bonds payable, beginning of year	$	-
Bonds issued		19,950,000
Bonds payable, end of year	$	19,950,000

As of December 31, 2017, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2018	$ -	$ 628,393	$ 628,393
2019	535,000	707,932	1,242,932
2020	550,000	691,532	1,241,532
2021	570,000	672,182	1,242,182
2022	590,000	652,132	1,242,132
2023	610,000	631,382	1,241,382
2024	630,000	609,982	1,239,982
2025	655,000	587,932	1,242,932
2026	675,000	568,282	1,243,282
2027	700,000	547,170	1,247,170
2028	725,000	524,820	1,249,820
2029	755,000	501,195	1,256,195
2030	780,000	476,595	1,256,595
2031	810,000	450,632	1,260,632
2032	845,000	423,145	1,268,145
2033	875,000	394,457	1,269,457
2034	910,000	363,045	1,273,045
2035	945,000	330,364	1,275,364
2036	985,000	295,826	1,280,826
2037	1,025,000	259,839	1,284,839
2038	1,065,000	222,364	1,287,364
2039	1,110,000	182,070	1,292,070
2040	1,155,000	140,070	1,295,070
2041	1,200,000	95,200	1,295,200
2042	1,250,000	48,580	1,298,580
	$ 19,950,000	$ 11,005,121	$ 30,955,121

Note 9 – Property Taxes

On May 15, 2015, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2017 fiscal year was financed through the 2016 tax levy, pursuant to which the District levied property taxes of $1.00 per $100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was $348,532 on the adjusted taxable value of $34,853,182.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2017 levy collections in the amount of $105,037 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2017 tax levy of $1,345,168 is reported as deferred inflows. These amounts will be recognized as revenue in 2018.

Note 10 – Lease Agreement for Water Supply Capacity

On December 16, 2014, Grand Parkway 1358 L.P. entered into a Lease Agreement for Water Supply Capacity (the "Agreement") with Pecan Grove Municipal Utility District ("PG MUD") on behalf of the District and Fort Bend County Municipal Utility District No. 134E, for 2,100 equivalent single family connections (ESFCs) of water supply capacity in the PG MUD water supply facilities. The District executed and delivered an assumption of the Agreement on February 20, 2015. Under the terms of the agreement, the District paid a reservation fee of $5,000 per month to reserve the 2,100 ESFCs of water supply capacity, after which the District began paying monthly operation and maintenance fees. Beginning in the month that the first permanent connection of water is made to a residential or commercial structure, the reservation fee shall be replaced by payment of the monthly operation and maintenance fee. During the current fiscal year, the District paid $329,229 in monthly operation and maintenance fees based on their pro rate share of usage.

In addition to the monthly operation and maintenance fee, beginning in the twelfth month after the first permanent connection of water is made, the District will be required to pay a monthly capital fee for its pro-rata share (based on monthly pumpage) of PG MUD's debt service requirements on bonds issued related to this agreement. During the current fiscal year, the District paid $258,719 in capital fees for its share of PG MUD's debt service requirements.

Note 11 – Agreements with Fort Bend Municipal Utility District No. 134E

Agreement for Joint Financing, Construction and Maintenance of Water Line, Sewer Line, and Storm Sewer Facilities

On April 20, 2016, the District and Fort Bend County Municipal Utility District No. 134E ("MUD 134E") entered into a Joint Facilities Agreement, whereby each district agrees to a share the cost for the financing and operation of joint water lines, sewer lines, and storm sewer facilities that serve the areas within both districts. MUD 134E will hold title to the water lines, sewer lines, and storm sewer facilities with each district owning equitable interest based on the pro-rata share of the facilities. MUD 134E will be responsible for the maintenance and operation of the facilities and will bill the District for maintenance and operating costs based on its pro-rata share of active connections. As of December 31, 2017, the District has 100% of the capacity.

Each district will finance, own and operate their respective internal water, sanitary sewer and storm sewer systems.

Waste Disposal Agreement

On April 20, 2016, the District and MUD 134E entered into an agreement to provide the terms under which they will participate in the lease, construction, ownership, operation, maintenance and expansion of a wastewater treatment plant to treat and dispose of water collected within the District and 134E. Each District will acquire, construct, operate and maintenance, at its sole cost and expense a sanitary sewer collection system appropriate to collect waste from the area served by the districts and transport to the wastewater treatment plant.

The cost to design and construct these facilities was allocated between the participating districts based on each district's pro rata share of equivalent single family connections. The District has agreed that MUD 134E shall hold legal title to the facilities, with the District having an undivided, equitable interest. MUD 134E is responsible for the operation and maintenance of the wastewater treatment plant. As of December 31, 2017, the District's pro-rata share of the capacity of the initial phase of the plant is 100%.

MUD 134E operates and maintains a leased wastewater treatment plant, for the benefit of the Districts. During the current year, the District recorded expenditures of $137,000 for costs related to the lease and $54,264 for maintenance and operations costs.

Water Supply Contract

On April 20, 2016, the District and MUD 134E entered into an agreement to provide the terms under which they will participate in the construction, ownership, operation, maintenance and expansion of a water treatment plant to treat and distribute water within the District and 134E. The District and 134E have entered into a contract to obtain interim water service from PG MUD (Note 10) and desire to construct one or more joint water supply plants to provide a permanent source of water supply to the residents and customers of the District and 134E. Each District will acquire, construct, operate and maintenance, at its sole cost and expense a water distribution system appropriate to connect their respective water distribution systems to the water plants.

Note 11 – Agreements with Fort Bend Municipal Utility District No. 134E (continued)

The cost to design and construct these facilities was allocated between the participating districts based on each district's pro rata share of equivalent single family connections. Prior to execution of a contract for the construction of the initial phase of the water plant, the District is required to escrow funds with 134E sufficient to pay for its pro-rata share of the estimated construction costs or provide an irrevocable letter of credit sufficient to pay for the District's pro-rata share. The District has agreed that MUD 134E shall hold legal title to the facilities, with the District having an undivided, equitable interest. MUD 134E is responsible for the operation and maintenance of the water plant. As of December 31, 2017, the District's pro-rata share of the capacity of the initial phase of the plant is 100%.

During the current fiscal year, the District recorded expenditures of $178,265 for its pro-rata share of engineering design costs.

Note 12 – 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 two prior years.

Note 13 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 134D
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 396,000	$ 381,558	$ (14,442)
Sewer service	194,000	248,306	54,306
Property taxes	373,000	496,077	123,077
Penalties and interest	4,800	18,526	13,726
Tap connection and inspection	229,020	763,859	534,839
Miscellaneous		921	921
Investment earnings	600	3,129	2,529
Total Revenues	1,197,420	1,912,376	714,956
Expenditures			
Current service operations			
Purchased services	393,000	329,229	63,771
Professional fees	97,200	109,025	(11,825)
Contracted services	262,024	567,267	(305,243)
Repairs and maintenance	123,000	212,689	(89,689)
Utilities	3,000	51,836	(48,836)
Contractual obligations		258,719	(258,719)
Joint wastewater treatment plant	194,000	54,264	139,736
Administrative	21,119	27,254	(6,135)
Other	420	9,028	(8,608)
Total Expenditures	1,093,763	1,619,311	(525,548)
Revenues Over Expenditures	103,657	293,065	189,408
Other Financing Sources			
Developer advances		62,500	62,500
Net Change in Fund Balance	103,657	355,565	251,908
Fund Balance			
Beginning of the year	(108,565)	(108,565)	
End of the year	$ (4,908)	$ 247,000	$ 251,908

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

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		Security

☐ 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 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 20.00	4,300	N	$ 4.70	4,301	to	10,000
				$ 4.20	10,001	to	15,000
				$ 4.45	15,001	to	20,000
				$ 4.70	20,001	to	25,000
				$ 4.95	25,001	to	30,000
				$ 6.20	30,001	to	unlimited
Wastewater:	$ 25.00	-0-	Y			to	

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water $ 46.79 Wastewater $ 25.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	501	498	x 1.0	498
1"	189	187	x 2.5	468
1.5"			x 5.0	
2"	22	22	x 8.0	176
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	713	708		1,222
Total Wastewater	682	677	x 1.0	677

See accompanying auditor's report.

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:	110,387,000	Water Accountability Ratio: (Gallons billed/sold// Gallons purchased)
*Gallons provided to other districts:	223,000	
Gallons billed to customers:	110,164,000	100.00%

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 [X]

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

   Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

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

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 [ ] Not at all [X]

   City(ies) in which the District is located: ____________

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

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

   ETJs in which the District is located: City of Houston

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

   If Yes, by whom? ____________

*Gallons provided to Fort Bend MUD 134E
**Purchased from Pecan Grove Municipal Utility District

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-2 General Fund Expenditures
For the Year Ended December 31, 2017

Purchased services	$ 329,229
Professional fees	
Legal	68,484
Audit	8,000
Engineering	32,541
	109,025
Contracted services	
Bookkeeping	21,900
Garbage	84,555
Operator	16,387
Fire Service	60,401
Tax assessor collector	12,987
Tap connection and inspection	353,086
Sludge removal	17,951
	567,267
Repairs and maintenance	212,689
Utilities	51,836
Contractual obligations	258,719
Joint wastewater treatment plant	54,264
Administrative	
Directors fees	6,000
Printing and office supplies	6,491
Insurance	3,193
Other	11,570
	27,254
Other	9,028
Total expenditures	$ 1,619,311

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-3. Investments
December 31, 2017

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
General				
TexPool	7950700001	Variable	N/A	$ 395,100
Debt Service				
TexPool	7950700002	Variable	N/A	556,961
Capital Projects				
TexPool	7950700003	Variable	N/A	3,064,171
Total - All Funds				$ 4,016,232

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-4. Taxes Levied and Receivable
December 31, 2017

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 272,568	$ -	$ 272,568
Adjustments to Prior Year Tax Levy	(1,106)		(1,106)
Adjusted Receivable	271,462		271,462
2017 Original Tax Levy	659,116	659,117	1,318,233
Adjustments	13,467	13,467	26,934
Adjusted Tax Levy	672,583	672,584	1,345,167
Rollback Taxes	148,652		148,652
Total to be accounted for	1,092,697	672,584	1,765,281
Tax collections:			
Current year	52,518	52,519	105,037
Prior years	420,114		420,114
Total Collections	472,632	52,519	525,151
Taxes Receivable, End of Year	$ 620,065	$ 620,065	$ 1,240,130
Taxes Receivable, By Years			
2017	$ 620,065	$ 620,065	$ 1,240,130

	2017	2016	2015
Property Valuations:			
Land	$ 50,855,301	$ 26,764,008	$ 3,371,040
Improvements	97,265,020	15,395,690	
Personal Property	482,990	392,250	
Exemptions	(14,086,545)	(7,698,766)	(3,298,050)
Total Property Valuations	$ 134,516,766	$ 34,853,182	$ 72,990
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 0.50	$ 1.00	$ 1.00
Debt service tax rates	0.50		
Total Tax Rates per $100 Valuation	$ 1.00	$ 1.00	$ 1.00
Adjusted Tax Levy:	$ 1,345,168	$ 348,532	$ 730
Percentage of Taxes Collected to Taxes Levied **	3.90%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on 5/15/15

** 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. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
December 31, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	$ -	$ 389,776	$ 389,776
2019	250,000	389,776	639,776
2020	265,000	384,776	649,776
2021	275,000	376,826	651,826
2022	285,000	368,576	653,576
2023	300,000	360,026	660,026
2024	315,000	351,026	666,026
2025	330,000	341,576	671,576
2026	345,000	331,676	676,676
2027	360,000	320,464	680,464
2028	375,000	308,314	683,314
2029	390,000	295,189	685,189
2030	410,000	281,539	691,539
2031	425,000	266,676	691,676
2032	445,000	250,739	695,739
2033	465,000	234,051	699,051
2034	485,000	215,451	700,451
2035	510,000	196,051	706,051
2036	530,000	175,651	705,651
2037	555,000	154,451	709,451
2038	580,000	132,251	712,251
2039	605,000	108,326	713,326
2040	635,000	83,370	718,370
2041	660,000	56,700	716,700
2042	690,000	28,980	718,980
	$ 10,485,000	$ 6,402,237	$ 16,887,237

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2017A--by Years
December 31, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	$ -	$ 238,617	$ 238,617
2019	285,000	318,156	603,156
2020	285,000	306,756	591,756
2021	295,000	295,356	590,356
2022	305,000	283,556	588,556
2023	310,000	271,356	581,356
2024	315,000	258,956	573,956
2025	325,000	246,356	571,356
2026	330,000	236,606	566,606
2027	340,000	226,706	566,706
2028	350,000	216,506	566,506
2029	365,000	206,006	571,006
2030	370,000	195,056	565,056
2031	385,000	183,956	568,956
2032	400,000	172,406	572,406
2033	410,000	160,406	570,406
2034	425,000	147,594	572,594
2035	435,000	134,313	569,313
2036	455,000	120,175	575,175
2037	470,000	105,388	575,388
2038	485,000	90,113	575,113
2039	505,000	73,744	578,744
2040	520,000	56,700	576,700
2041	540,000	38,500	578,500
2042	560,000	19,600	579,600
	$ 9,465,000	$ 4,602,886	$ 14,067,886

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	$ -	$ 628,393	$ 628,393
2019	535,000	707,932	1,242,932
2020	550,000	691,532	1,241,532
2021	570,000	672,182	1,242,182
2022	590,000	652,132	1,242,132
2023	610,000	631,382	1,241,382
2024	630,000	609,982	1,239,982
2025	655,000	587,932	1,242,932
2026	675,000	568,282	1,243,282
2027	700,000	547,170	1,247,170
2028	725,000	524,820	1,249,820
2029	755,000	501,195	1,256,195
2030	780,000	476,595	1,256,595
2031	810,000	450,632	1,260,632
2032	845,000	423,145	1,268,145
2033	875,000	394,457	1,269,457
2034	910,000	363,045	1,273,045
2035	945,000	330,364	1,275,364
2036	985,000	295,826	1,280,826
2037	1,025,000	259,839	1,284,839
2038	1,065,000	222,364	1,287,364
2039	1,110,000	182,070	1,292,070
2040	1,155,000	140,070	1,295,070
2041	1,200,000	95,200	1,295,200
2042	1,250,000	48,580	1,298,580
	$ 19,950,000	$ 11,005,121	$ 30,955,121

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-6. Change in Long-Term Bonded Debt
December 31, 2017

	Bond Issue		
	Series 2017	Series 2017A	Totals
Interest rate	2.00% - 4.20%	3.00% - 4.00%	
Dates interest payable	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/19 - 9/1/42	9/1/19 - 9/1/42	
Beginning bonds outstanding	$ -	$ -	$ -
Bonds issued	10,485,000	9,465,000	19,950,000
Ending bonds outstanding	$ 10,485,000	$ 9,465,000	$ 19,950,000
Interest paid during fiscal year	$ 227,370	$ -	$ 227,370
Paying agent's name and city			
All series	Amegy Bank, a division of ZB, N.A., Houston, Texas		

Bond Authority:	Water, Sewer and Drainage Bonds and Refunding
Amount Authorized by Voters	$ 206,000,000
Amount Issued	(19,950,000)
Remaining To Be Issued	$ 186,050,000

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 December 31, 2017:	$ 888,842
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,238,205

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 134D
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Three Fiscal Years

	Amounts		
	2017	2016	2015**
Revenues			
Water service	$ 381,558	$ 174,685	$ 6,646
Sewer service	248,306	102,213	5,841
Property taxes	496,077	730	
Penalties and interest	18,526	7,239	534
Tap connection and inspection	763,859	445,458	192,965
Miscellaneous	921		3,330
Investment earnings	3,129	225	39
Total Revenues	1,912,376	730,550	209,355
Expenditures			
Current service operations			
Purchased services	329,229	157,069	30,000
Professional fees	109,025	115,706	61,488
Contracted services	567,267	699,971	78,526
Repairs and maintenance	212,689	69,358	8,920
Utilities	51,836	5,031	
Contractual obligations	258,719		
Joint wastewater treatment plant	54,264		
Administrative	27,254	17,368	9,293
Other	9,028		2,740
Total Expenditures	1,619,311	1,064,503	190,967
Revenues Over/(Under) Expenditures	$ 293,065	$ (333,953)	$ 18,388
Total Active Retail Water Connections	708	431	141
Total Active Retail Wastewater Connections	677	412	138

*Percentage is negligible
**Eleven month inception period

See accompanying auditors' report.

Percent of Fund Total Revenues		
2017	2016	2015**
20%	24%	3%
13%	14%	3%
26%	*	
1%	1%	*
40%	61%	92%
*		2%
*	*	*
100%	100%	100%
17%	22%	14%
6%	16%	29%
30%	96%	38%
11%	9%	4%
3%	1%	
3%		
1%	2%	4%
*		1%
71%	146%	90%
29%	(46%)	10%

Fort Bend County Municipal Utility District No. 134D
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year

	Amounts 2017	Percent of Fund Total Revenues 2017
Revenues		
Accrued interest on bonds sold	$ 13,964	75%
Investment earnings	4,607	25%
Total Revenues	18,571	100%
Expenditures		
Other	68	*
Debt service		
Interest and fees	227,370	1224%
Total Expenditures	227,438	1224%
Revenues Under Expenditures	$ (208,867)	(1,124%)

*Percentage is negligible

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 134D
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2017

Complete District Mailing Address:	9 Greenway Plaza, Suite 1100, Houston, TX 77046
District Business Telephone Number:	713-651-0111
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	November 4, 2016
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 Reimburse-ments	Title at Year End
Board Members				
Robert Hernandez	05/16 - 05/20	$ 1,350	$ 154	President
Scott Owen	02/15 - 05/18	1,200	279	Vice President
Michole Fields	05/16 - 05/20	1,650	51	Secretary
Crystal Harris	11/16 - 05/18	1,500	174	Assistant Secretary
Gregory L. Rhodes	02/15 - 05/18	300	11	Assistant Secretary

Consultants		Amounts Paid		
Coats Rose, P.C.	02/15	$ 443,007		Attorney
Si Environmental	02/15	617,340		Operator
McLennan & Associates, L.P.	02/15	28,563		Bookkeeper
Tax Tech	02/15	10,217		Tax Collector
Fort Bend County Appraisal District	Legislation	3,919		Property Valuation
Jones & Carter	02/15	133,184		Engineer
McGrath & Co., PLLC	Annual	37,600		Auditor
Robert W. Baird & Co.	02/15	300,134		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)