

OFFICIAL STATEMENT DATED AUGUST 13, 2019

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

The Bonds have **not** been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 190

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

\$6,970,000
Unlimited Tax Bonds
Series 2019

\$4,455,000
Unlimited Tax Road Bonds
Series 2019A

Dated: September 1, 2019

Due: September 1, as shown on inside cover hereof

The \$6,970,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds") and the \$4,455,000 Unlimited Tax Road Bonds, Series 2019A (the "Series 2019A Bonds"), are obligations solely of Fort Bend County Municipal Utility District No. 190 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any entity other than the District. The Series 2019 Bonds and the Series 2019A Bonds are hereinafter referred to collectively as the "Bonds." Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds will accrue from September 1, 2019, and is payable on March 1, 2020, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date").

The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

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.**



See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on inside cover.

The Series 2019 Bonds constitute the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District, and the Series 2019A Bonds represent the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing roads within the District. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are subject to special risk factors described herein. Bond purchasers are encouraged to read this entire Official Statement, including particularly the section titled "RISK FACTORS," prior to making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidders for the Series 2019 Bonds and the Series 2019A Bonds (collectively, the "Underwriters"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected on or about September 12, 2019.

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

\$6,970,000 Unlimited Tax Bonds, Series 2019

\$6,145,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 34685L (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 34685L (b)
2021	\$190,000	4.500%	1.300%	AA2	2032(c)	\$280,000	2.000%	2.300%	AM6
2022	195,000	4.500%	1.350%	AB0	2033(c)	285,000	2.125%	2.400%	AN4
2023	205,000	4.500%	1.400%	AC8	2034(c)	295,000	2.250%	2.500%	AP9
2024	210,000	4.500%	1.450%	AD6	2035(c)	305,000	2.375%	2.600%	AQ7
2025(c)	220,000	4.250%	1.460%	AE4	2036(c)	320,000	2.500%	2.700%	AR5
2026(c)	225,000	2.000%	1.650%	AF1	2037(c)	330,000	2.500%	2.750%	AS3
2027(c)	235,000	2.000%	1.800%	AG9	2038(c)	340,000	2.625%	2.800%	AT1
2028(c)	240,000	2.000%	1.900%	AH7	2039(c)	355,000	2.625%	2.850%	AU8
2029(c)	250,000	2.000%	2.000%	AJ3	2040(c)	365,000	2.750%	2.900%	AV6
2030(c)	260,000	2.000%	2.100%	AK0	2041(c)	380,000	3.000%	2.950%	AW4
2031(c)	270,000	2.000%	2.200%	AL8	2042(c)	390,000	3.000%	2.980%	AX2

\$825,000 Term Bonds

\$825,000 Term Bonds due September 1, 2044 (c)(d) Interest Rate: 3.000% (Price: \$100.000) (a) CUSIP No. 34685L AZ7 (b)

\$4,455,000 Unlimited Tax Road Bonds, Series 2019A

\$3,925,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 34685L (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 34685L (b)
2021	\$120,000	4.500%	1.300%	BA1	2032(c)	\$175,000	2.000%	2.300%	BM5
2022	125,000	4.500%	1.350%	BB9	2033(c)	185,000	2.125%	2.400%	BN3
2023	130,000	4.500%	1.400%	BC7	2034(c)	190,000	2.250%	2.500%	BP8
2024	135,000	4.500%	1.450%	BD5	2035(c)	195,000	2.375%	2.600%	BQ6
2025(c)	140,000	4.000%	1.460%	BE3	2036(c)	205,000	2.500%	2.700%	BR4
2026(c)	145,000	2.000%	1.650%	BF0	2037(c)	210,000	2.500%	2.750%	BS2
2027(c)	150,000	2.000%	1.800%	BG8	2038(c)	220,000	2.625%	2.800%	BT0
2028(c)	155,000	2.000%	1.900%	BH6	2039(c)	225,000	2.625%	2.850%	BU7
2029(c)	160,000	2.000%	2.000%	BJ2	2040(c)	235,000	2.750%	2.900%	BV5
2030(c)	165,000	2.000%	2.100%	BK9	2041(c)	240,000	3.000%	2.950%	BW3
2031(c)	170,000	2.000%	2.200%	BL7	2042(c)	250,000	3.000%	2.980%	BX1

\$530,000 Term Bonds

\$530,000 Term Bonds due September 1, 2044 (c)(d) Interest Rate: 3.000% (Price: \$100.000) (a) CUSIP No. 34685L BZ6 (b)

- (a) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Underwriters. The yields may be changed at any time at the discretion of the Underwriters. Accrued interest from September 1, 2019, to the date of delivery of the Bonds 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 and after September 1, 2025, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory redemption as provided under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

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 or the Underwriters.

This Official Statement does not alone 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, contracts, records, 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 for further information.

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 C - Specimen Municipal Bond Insurance Policy”.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this “Official Statement” nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the 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, other matters described in the Official Statement until delivery of the Bonds to the Underwriters and thereafter only as specified in “CONTINUING DISCLOSURE OF INFORMATION,” and “OFFICIAL STATEMENT – Updating of Official Statement.”

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2019 Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Series 2019 Bonds Underwriter") to purchase the Series 2019 Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.00% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.871100%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Series 2019A Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Series 2019A Bonds Underwriter") to purchase the Series 2019A Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.00% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.868125%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Underwriters" refers to the Series 2019 Bonds Underwriter in its capacity as purchaser of the Series 2019 Bonds and to the Series 2019A Bonds Underwriter as purchaser of the Series 2019A Bonds.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Underwriters. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Underwriters.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters 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. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Underwriters.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over the reoffering yield or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the 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 jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue a Municipal Bond Insurance Policy for each series of Bonds (the “Policies”). The Policies guarantee the scheduled payment of principal of and interest on each series of Bonds when due as set forth in the form of the Policies included as an exhibit to this Official Statement.

The Policies are 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 Policies), 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 June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$525 million, \$114 million and \$411 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.

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District..... Fort Bend County Municipal Utility District No. 190 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”

The Bonds..... The District’s \$6,970,000 Unlimited Tax Bonds, Series 2019 (the “Series 2019 Bonds”), are dated September 1, 2019, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The District’s \$4,455,000 Unlimited Tax Road Bonds, Series 2019A (the “Series 2019A Bonds”), also are dated September 1, 2019, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The Series 2019 Bonds and the Series 2019A Bonds are hereinafter referred to collectively as the “Bonds.”

Interest on the Bonds accrues from September 1, 2019, at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2020, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS.”

Redemption Provisions The Series 2019 Bonds maturing on September 1, 2021, through September 1, 2042, inclusive, and the Series 2019A Bonds maturing on September 1, 2021, through September 1, 2042, inclusive, are serial bonds. The Series 2019 Bonds maturing on September 1 in the year 2044 and the Series 2019 A Bonds maturing on September 1 in the year 2044 are term bonds and are subject to mandatory redemption provisions are set forth under “THE BONDS – Redemption Provisions – *Mandatory Redemption.*” The Bonds maturing on and after September 1, 2025, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2024, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Redemption Provisions – *Optional Redemption.*”

Source of Payment Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The 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; or any other political subdivision or entity other than the District. See “THE BONDS – Source of Payment.”

Authority for Issuance..... The Series 2019 Bonds are the first series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District (the “System”), and the Series 2019A Bonds are the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing roads within the District.

Voters in the District have authorized a total of \$131,630,200 principal amount of unlimited tax bonds for the System and for refunding bonds issued for the System and \$70,708,000 principal amount of unlimited tax bonds for roads and for refunding bonds issued for roads. Voters in the District have also authorized a total of \$19,500,000 principal amount of bonds for parks and recreational facilities and for refunding such bonds. Following the issuance of the Bonds, \$124,660,200 principal amount of unlimited tax bonds for the System and for refunding such bonds, \$66,253,000 principal amount of unlimited tax bonds for roads and for refunding such bonds, and \$19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding such bonds, will remain authorized and unissued.

The Series 2019 Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; a resolution adopted by the Board of Directors of the District on the date of sale of the Series 2019 Bonds; an election held within the District on May 6, 2017; and Article XVI, Section 59 of the Texas Constitution. The Series 2019A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended; a resolution adopted by the Board of Directors of the District on the date of sale of the Series 2019A Bonds; and an election held on May 6, 2017. See "THE BONDS – Authority for Issuance."

Short Term Debt.....In connection with the Series 2019 Bonds, the District has issued its \$4,385,000 Bond Anticipation Note, Series 2018 (the "BAN") dated December 18, 2018. Proceeds from sale of the BAN were used to reimburse the Developer (herein defined) for a portion of the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019 BONDS." The BAN accrues interest at a rate of 2.71% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on December 17, 2019. Proceeds from the sale of the Series 2019 Bonds will used to redeem the BAN, as described below.

Use of Proceeds of Series 2019 Bonds.....The proceeds of the Series 2019 Bonds will be used, in part, to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the costs associated with construction of the projects shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019 BONDS." Proceeds from the Series 2019 Bonds will also reimburse the Developer for the remaining portions of approved project costs partially reimbursed from the BAN. Additionally, proceeds from the Series 2019 Bonds will be used to pay developer interest, costs of issuance of the BAN and Series 2019 Bonds, twelve (12) months of capitalized interest, and those other non-construction costs provided under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019 BONDS."

Use of Proceeds of Series 2019A Bonds.....Proceeds from the sale of the Series 2019A Bonds will be used to reimburse the Developer for eligible road construction costs, to pay developer interest, costs of issuance of the Series 2019A Bonds, twelve (12) months of capitalized interest, and those other non-

construction costs provided under “USE AND DISTRIBUTION OF PROCEEDS OF ROAD BONDS.”

- Municipal Bond InsuranceBuild America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
- Rating.....S&P Global Ratings (BAM Insured) – “AA.” See “RATING”.
- General & Bond Counsel.....Allen Boone Humphries Robinson LLP, Houston, Texas.
- Disclosure CounselMcCall, Parkhurst & Horton LLP, Houston, Texas.
- Financial Advisor.....Robert W. Baird & Co. Incorporated, Houston, Texas.
- EngineerJones & Carter, Inc., Houston, Texas.

THE DISTRICT

- General.....The District was created by House Bill 4024, as passed by the 80th Legislature, Regular Session, June 15, 2007. The District comprises approximately 437 total acres. See “THE DISTRICT – General.”
- Location.....The District is located entirely within Fort Bend County, Texas, approximately 20 miles west of the central business district of the City of Houston, Texas. The District is bounded on the west by Harlem Road, on the north by Westpark Tollway, on the south by Fort Bend Municipal Utility District No. 30, and on the east by the subdivision of Big Oaks. Additionally, the District is located entirely within the extraterritorial jurisdiction (“ETJ”) of the City of Houston, Texas. See “THE DISTRICT – Location” and “APPENDIX B.”
- Developer and Principal Landowner.....The developer of land within the District is D.R. Horton-Texas, Ltd., a Texas limited partnership (“DR Horton”), which is controlled by D.R. Horton Inc. (“DHI”), a Delaware corporation and a publicly traded corporation. DR Horton is referred to herein as the “Developer,” and currently owns and controls approximately 160 acres and 105 vacant developed lots within the District. See “THE DEVELOPER.”
- Development within the District.....Approximately 272 acres (629 lots) within the District have been developed as the single-family residential subdivisions of Grand Vista Lakes, Sections 1, 2, and 3, and Lakeview Retreat, Sections 1, 2, 3, and 4. As of June 1, 2019, single-family residential development in the District included: approximately 326 completed homes (approximately 268 occupied, approximately 55 unoccupied, and 3 model homes); approximately 37 homes under construction; and approximately 105 vacant developed lots. The District also includes trails and a recreational center including a pool, a picnic pavilion, and a playground. Additionally, the District contains D.R. Horton’s Houston South corporate headquarters on approximately 6.5 acres fronting the Westpark Tollway. The remaining land within the District is comprised of approximately 47.5 developed but undeveloped acres and 111 undevelopable acres. See “DEVELOPMENT WITHIN THE DISTRICT.”
- HomebuildersHomebuilding began in the District in 2017. The active homebuilder within the District is D.R. Horton. New homes being constructed in the District range in price from approximately \$220,000 to \$300,000 and range in size from approximately 1,800 square feet to 3,100 square feet.

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "RISK FACTORS," BEFORE MAKING AN INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2019 Taxable Assessed Valuation.....	\$ 69,434,430 (a)
Estimated Valuation as of June 1, 2019	\$ 95,227,519 (b)
Direct Debt:	
The Series 2019 Bonds.....	\$ 6,970,000
The Series 2019A Bonds.....	<u>\$ 4,455,000</u>
Total.....	\$ 11,425,000
Estimated Overlapping Debt	<u>\$ 542,656 (c)</u>
Total Direct and Estimated Overlapping Debt	\$ 11,967,656 (c)
Direct Debt Ratios:	
As a percentage of 2019 Taxable Assessed Valuation.....	16.45 %
As a percentage of Estimated Taxable Valuation as of June 1, 2019	12.00 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2019 Taxable Assessed Valuation	17.24 %
As a percentage of Estimated Taxable Valuation as of June 1, 2019	12.57 %
Debt Service Fund Balance (as of date of delivery of the Series 2019 Bonds)	\$198,762 (d)
Road Debt Service Fund (as of date of delivery of the Series 2019A Bonds)	\$126,662 (e)
Construction Fund Balance (as of July 9, 2019)	\$265,883
Operating Fund Balance (as of July 9, 2019).....	\$1,356
2018 Tax Rate	
Utility Debt Service	\$0.00 (f)
Road Debt Service	\$0.00 (f)
Maintenance & Operation	<u>\$1.35</u>
Total.....	\$1.35

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- (a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2019, provided by the Fort Bend Central Appraisal District ("FBCAD"). This amount includes \$269,240 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by FBCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of June 1, 2019, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2019, through June 1, 2019. No taxes will be levied against this amount. See "TAX DATA," "TAXING PROCEDURES," and "DEVELOPMENT WITHIN THE DISTRICT."
- (c) See "DISTRICT FINANCIAL DATA - Estimated Direct and Overlapping Debt Statement."
- (d) Upon closing of the Series 2019 Bonds, twelve (12) months of capitalized interest on the Series 2019 Bonds as well as accrued interest will be deposited into this fund. Neither Texas law nor the Series 2019 Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Funds in the Debt Service Fund are not available to pay debt service on bonds issued by the District for roads (e.g., the Series 2019A Bonds).
- (e) Upon closing of the Series 2019A Bonds, twelve (12) months of capitalized interest on the Series 2019A Bonds as well as accrued interest will be deposited into this fund. Neither Texas law nor the Series 2019A Bond Resolution requires that the District maintain any particular sum in Road Debt Service Fund. Funds in Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the System (e.g., the Series 2019 Bonds).
- (f) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the System and for payment of debt service on bonds issued for roads, both such taxes are unlimited as to rate or amount. The District did not levy a debt service tax for the 2018 tax year; however, the District anticipates levying a tax rate for debt service and road debt service for the 2019 tax year. See "TAX DATA - Tax Rate Calculations" and "RISK FACTORS - Future Debt".

SELECTED FINANCIAL INFORMATION

(CONTINUED)

Average Annual Debt Service Requirement (2020–2044)	\$	641,787	(a)
Maximum Annual Debt Service Requirement (2044).....	\$	710,700	(a)
Debt Service Tax Rate per \$100 of Taxable Value Required to Pay			
Average Annual Debt Service Requirement (2020–2044) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation.....		\$0.98	(b)
Based on Estimated Taxable Valuation as of June 1, 2019.....		\$0.71	(b)
Debt Service Tax Rate per \$100 of Taxable Value Required to Pay			
Maximum Annual Debt Service Requirement (2044) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation.....		\$1.08	(b)
Based on Estimated Taxable Valuation as of June 1, 2019.....		\$0.79	(b)

(a) Requirement of debt service on the Series 2019 Bonds and the Series 2019A Bonds. See “DEBT SERVICE REQUIREMENTS.”

(b) Combined debt service tax rate and road debt service tax rate.

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INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 190 (the "District") of its \$6,970,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds") and its \$4,455,000 Unlimited Tax Road Bonds, Series 2019A (the "Series 2019A Bonds"). The Series 2019 Bonds and the Series 2019A Bonds are referred to collectively herein as the "Bonds."

The Series 2019 Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; a resolution (the "Series 2019 Bond Resolution") adopted by the Board of Directors of the District (the "Board") on the date of sale of the Series 2019 Bonds; an election held within the District on May 6, 2017; and Article XVI, Section 59 of the Texas Constitution.

The Series 2019A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended; a resolution (the "Series 2019A Bond Resolution") adopted by the Board on the date of sale of the Series 2019A Bonds; and an election held on May 6, 2017.

The Series 2019 Bond Resolution and the Series 2019A Bond Resolution are collectively referred to hereinafter as the "Bond Resolutions," and, unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolutions.

Included in this Official Statement are descriptions of the Bonds and certain information about the District, the Developer in the District, and the District's finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co., Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing and handling charges.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any political subdivision other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, 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. See "DEVELOPMENT WITHIN THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Recent Extreme Weather Events/Hurricane Harvey

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

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast. The Houston area, including Montgomery County, Texas, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall, and historic levels of rainfall during the succeeding four days.

According to the Engineer, the District's water, sanitary sewer, and drainage facilities sustained no damage as a result of Hurricane Harvey, and there was no interruption of water and sewer service. Furthermore, according to the Developers and the Engineer, there were no homes in the District that experienced flooding or structural damage. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

Special Flood Type Risks

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

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston metropolitan area. New single-family construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity 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."

Location and Access: The District is located in an outlying area of the Houston metropolitan area, approximately 20 miles west of the central business district of the City of Houston. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously owned single-family homes in more established commercial centers and neighborhoods closer to Houston that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

The competitive position of the Developer in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer, or any other landowner in 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 homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability 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 "THE DEVELOPER," "DEVELOPMENT WITHIN THE DISTRICT," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2018, the District's principal taxpayers owned the aggregate assessed taxable valuation of property located within the District of which comprised approximately 61.01% of the District's total assessed valuation. The Developer, the District's top taxpayer, and related entities, own approximately 39.71% of the District's assessed taxable valuation as of January 1, 2018. The principal taxpayer information for tax year 2019 was not available as of the date of printing of this Official Statement. See "THE DEVELOPER."

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its debt service fund. See "TAX DATA."

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The District's taxable assessed valuation as of January 1, 2019, is \$69,434,430, and the Estimated Taxable Valuation as of June 1, 2019, is \$95,227,519. See "DISTRICT FINANCIAL DATA" and "TAX DATA – Tax Rate Calculations".

After issuance of the Bonds, the maximum annual debt service requirement on the Bonds will be \$710,700 (2044) and the average annual debt service requirement on the Bonds will be \$641,787 (2020–2044). Based on the District's taxable assessed valuation as of January 1, 2019, no use of funds on hand, at a 95% tax collection rate, tax rates of \$1.08 and \$0.98 per \$100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Based on the District's Estimated Taxable Valuation as of June 1, 2019, no use of funds on hand, at a 95% tax collection rate, tax rates of \$0.79 and \$0.71 per \$100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the

average annual debt service requirement, respectively. See “DEBT SERVICE REQUIREMENTS” and “TAX DATA – Tax Rate Calculations.”

Tax Collections and Foreclosure Remedies

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure.

The District’s right to seek judicial foreclosure on a tax lien may prove to be costly and time consuming, and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See “TAXING PROCEDURES.”

Limitation to Registered Owners’ Remedies

In the event of default in the payment of principal or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce the interest of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

Bankruptcy Limitation to Registered Owners’ Rights

The enforceability of the rights and remedies of Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901–946. The filing of such petition would automatically stay the enforcement of Registered Owners’ remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

otherwise compromising and modifying the rights and remedies of the Registered Owner's claim against a district.

A district cannot be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the Underwriters 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 for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolutions 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 "TAX MATTERS."

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.

Future Debt

After the issuance of the Bonds, the District will have \$124,660,000 principal amount of unlimited tax bonds authorized but unissued for the System (and for refunding such bonds), \$66,253,000 principal amount of unlimited tax bonds for roads (and for refunding such bonds), and \$19,500,000 principal amount of unlimited tax bonds for park and recreational facilities (and for refunding such bonds) (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations, as described in the Bond Resolutions. 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.

Following the issuance of the Bonds, the District will still owe the Developer approximately \$13,600,000 for prior reimbursable expenditures advanced to construct the System within the District and approximately \$5,600,000 for prior reimbursable expenditures advanced to construct roads within the District. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Series 2019 Bonds have been approved, subject to certain conditions, by the TCEQ. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Series 2019A Bonds are not subject to TCEQ approval.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulation

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

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

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

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

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

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

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

The HGB Area is currently designated as a “marginal” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied to the TCEQ for a waiver of compliance with the MS4 Permit because the District has less than 1,000 residents. If and when the District has more than 1,000 residents the District intends prepare its Notice of Intent and Stormwater Management Plan to apply for coverage under the MS4 Permit. In order to maintain compliance with the MS4 Permit, the District intends to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

In 2015, the EPA and the United States Army Corps of Engineers (“USACE”) promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE

have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of "waters of the United States." In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of "waters of the United States" to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of "waters of the United States." Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved. Subsequently, on May 28, 2019, the U.S. District Court for the Southern District of Texas found that the CWR violated the notice-and-comment requirements of the Administrative Procedures Act, remanded the CWR to the EPA and USACE, and ordered that the preliminary injunction issued September 12, 2018, remain in place pending the proceedings on remand.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of "waters of the United States." The proposed definition outlines six categories of waters that would be considered "waters of the United States," including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies took comment on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

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 Bonds will bear interest from September 1, 2019, and will mature on September 1 in each of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2020, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar (herein defined) to Registered Owners (herein defined) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner. The Bonds will be issued in fully registered form only, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner ("Registered Owner") and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar").

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2025, 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, 2024, and on any date thereafter,

at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail not less than thirty (30) days prior to the redemption date, to the Registered Owner of each bond but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same series and maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

The Series 2019 Bonds maturing on September 1, 2044 and the Series 2019A Bonds maturing on September 1, 2044 (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.

Series 2019 Bonds

Series 2019A Bonds

\$825,000 Term Bonds due on September 1, 2044

\$530,000 Term Bonds due on September 1, 2044

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>	<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2043	\$405,000	September 1, 2043	\$260,000
September 1, 2044 (maturity)	420,000	September 1, 2044 (maturity)	270,000

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 Resolutions. 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.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (hereinafter defined) 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 Bond 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 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, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

The Board has selected Regions Bank, an Alabama banking corporation, Houston, Texas, as the initial Paying Agent/Registrar. The initial designated payment office for the Bonds is located in Houston, Texas.

Provision is made in the Bond Resolutions for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolutions, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any parity bonds hereinafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas; the City of Houston, Texas; Fort Bend County, Texas; or any other political subdivision or any entity other than the District.

Payment Record

The Bonds represent the first issuance of unlimited tax bonds issued by the District.

Authority for Issuance

The Series 2019 Bonds constitute the first 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 and the Series 2019A Bonds represent the first series of bonds issued by the District for the purposes of acquiring or constructing roads in the District. Voters in the District have authorized a total of \$131,630,200 principal amount of bonds for the System (and for refunding such bonds) and \$70,708,000 principal amount of unlimited tax bonds for roads (and for refunding such bonds). Voters in the District have also authorized the District’s issuance of a total of \$19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for the refunding such bonds).

The Series 2019 Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, the Series 2019 Bond Resolution, an election held in the District on May 6, 2017, and an approving order of the TCEQ.

The Series 2019A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, the Series 2019A Bond Resolution, and an election held in the District on May 6, 2017.

Issuance of Additional Debt

The District may issue additional bonds. Following the issuance of the Bonds, \$124,660,000 principal amount of unlimited tax bonds for the System, \$66,253,000 principal amount of unlimited tax bonds for roads, and \$19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities will remain authorized and unissued.

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, Inc. (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 water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "RISK FACTORS – Future Debt."

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "RISK FACTORS – Limitation to Registered Owners' Remedies."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code and Chapter 1204, Texas Government Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds also are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their 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.

Annexation

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

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

representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Defeasance

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

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

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

Short Term Debt

In connection with the Series 2019 Bonds, the District has issued its \$4,385,000 Bond Anticipation Note, Series 2018 (the "BAN") dated December 18, 2018. Proceeds from sale of the BAN were used to reimburse the Developer for a portion of the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019 BONDS." The BAN accrues interest at a rate of 2.71% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on December 17, 2019. Proceeds from the sale of the Series 2019 Bonds will used to redeem the BAN prior to its scheduled maturity.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee'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 Participant, (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 series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 is discontinued.

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

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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, distributions, and dividend 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 District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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 Resolutions will be given only to DTC.

USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019 BONDS

The proceeds of the Series 2019 Bonds will be used, in part, to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the construction costs, engineering fees, and testing costs associated with the projects set out below. Proceeds from the Series 2019 Bonds will also reimburse the Developer for the remaining portions of approved project costs partially reimbursed from the BAN. Additionally, proceeds from the Series 2019 Bonds will be used to pay developer interest, costs of issuance of the BAN and Series 2019 Bonds, and those other non-construction costs provided below.

CONSTRUCTION COSTS	Amount
A. Developer Contribution Items	
1. Grand Vista Lakes, Section 1 - W, WW & D	\$318,505
2. Grand Vista Lakes, Section 2 - W, WW & D	364,866
3. Grand Vista Lakes Clearing & Grubbing (Phase 1)	303,350
4. Grand Vista Lakes Detention Excavation & Grading (Phase 1)	1,036,572
5. Grand Vista Lakes Detention Excavation & Grading (Phase 2)	547,716
6. Storm Water Pollution Protection (Items 1-3)	49,549
7. Engineering & Surveying (Items 1-5)	<u>361,972</u>
Total Developer Contribution Items	\$2,982,530
B. District Items	
1. Water & Wastewater Capacity	\$775,500
2. Detention Pond Land Costs	<u>1,505,271</u>
Total District Items	\$2,280,771
Total Construction Costs	\$5,263,301
NON-CONSTRUCTION COSTS	
A. Legal Fees	\$179,400
B. Fiscal Agent Fees	129,550
C. Interest Costs	
1. Capitalized Interest (12 months)	198,763
2. Developer Interest	256,832
3. BAN Interest	87,253
D. Bond Discount	209,100
E. Bond Issuance Expenses	37,911
F. BAN Costs	97,536
G. Operating Costs	180,000
H. Drainage Study	30,000
I. Market Study	10,000
J. Bond Application Report Costs	50,000
K. Attorney General Fee	6,970
L. TCEQ Bond Issuance Fee	17,425
M. Contingency (a)	<u>215,960</u>
Total Non-Construction Costs	\$1,706,699
TOTAL BOND ISSUE REQUIREMENT	\$6,970,000

(a) Represents the difference between the estimated and actual amounts of capitalized interest and BAN interest on the Bonds.

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

USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2019A BONDS

Proceeds from the sale of the Series 2019A Bonds will be used to pay developer interest, costs of issuance of the Series 2019A Bonds, and those other non-construction costs provided below.

CONSTRUCTION COSTS	Amount
A. Developer Contribution Items	
1. Bellaire Blvd. Street Dedication Section 1 Phase 1 – Paving	\$317,324
2. Bellaire Blvd. Street Dedication Section 1 Phase 2 – Paving	1,064,065
3. Grand Vista Lakes Section 1 – Paving	392,222
4. Horton Vista Street Dedication Section 1 – Paving	552,729
5. Grand Vista Lakes Section 3 – Paving	215,186
6. Engineering	<u>401,139</u>
Total Developer Contribution Items	\$2,942,664
 B. District Contribution Items	
A. Land Acquisition Costs	
1. Grand Vista Lakes Section 1 (Horton Vista Drive)	\$137,427
2. Bellaire Blvd. Street Dedication Section 1	470,732
3. Horton Vista Drive Street Dedication Section 1	163,278
4. Grand Vista Lakes Section 3 (Bellaire Blvd.)	31,302
5. FM 1093 Eastbound Frontage Road – Right Turn Lane	<u>7,678</u>
Total District Contribution Items	\$810,418
 Total Construction Costs	 \$3,753,083
 NON-CONSTRUCTION COSTS	
A. Legal Fees	\$126,375
B. Fiscal Agent Fees	81,825
C. Interest Costs	
1. Capitalized Interest (12 months)	126,662
2. Developer Interest	113,263
D. Bond Discount	133,650
E. Bond Issuance Expenses	46,424
F. Engineering Report	40,000
G. Attorney General Fee	4,455
H. Contingency (a)	<u>29,264</u>
Total Non-Construction Costs	\$701,917
 TOTAL BOND ISSUE REQUIREMENT	 \$4,455,000

(a) Represents the difference between the estimated and actual amounts of capitalized interest on the Bonds.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2019)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(June 2019)



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. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Location

The District is located entirely within Fort Bend County, Texas, approximately 20 miles west of the central business district of the City of Houston, Texas. The District is bounded on the west by Harlem Road, on the north by Westpark Tollway, on the south by Fort Bend Municipal Utility District No. 30, and on the east by the subdivision of Big Oaks. The District is located entirely within the extraterritorial jurisdiction ("ETJ") of the City of Houston, Texas. See "APPENDIX B – AERIAL OF THE DISTRICT."

Management of the District

- Board of Directors -

The District is governed by a Board, consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered, four-year terms, with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District subject to a deed of trust in favor of the Developer.

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Randy Young	President	2022
Tracy Youngblood	Vice President	2022
Ronald D. Petersen	Assistant Vice President	2022
Glen Vinklarek	Secretary	2020
Shannon M. Frederick	Assistant Secretary	2020

- Consultants -

Tax Assessor/Collector: Land and improvements in the District are being appraised by the Fort Bend Central Appraisal District ("FBCAD"). The Tax Assessor/Collector for the District is Assessments of the Southwest, Inc.

Bookkeeper: The District contracts with Myrtle Cruz, Inc. as bookkeeper for the District.

Engineer: The District's consulting engineer is Jones & Carter, Inc.

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 June 30, 2018, is included as "APPENDIX A" to this Official Statement.

Financial Advisor: Robert W. Baird & Co. Incorporated, serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on

the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District and 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 that has been supplied or provided by third-parties. See "OFFICIAL STATEMENT – Experts."

Bond & General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as the District's general counsel.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton LLP, Houston, Texas, as Disclosure Counsel. The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing 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 (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer and Principal Landowner

The developer of land within the District is D.R. Horton-Texas, Ltd., a Texas limited partnership ("DR Horton"), which is controlled by D.R. Horton Inc. ("DHI"), a Delaware corporation and a publicly traded corporation. DR Horton is referred to herein as the "Developer," and currently owns and controls approximately 160 acres and 105 vacant developed lots within the District.

D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI". Audited financial statements for D.R. Horton, Inc. can be found online at <https://investor.drhorton.com>. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Approximately 272 acres (629 lots) within the District have been developed as the single-family residential subdivisions of Grand Vista Lakes, Sections 1, 2, and 3, and Lakeview Retreat, Sections 1, 2, 3, and 4. As of June 1, 2019, single-family residential development in the District included: approximately 326 completed homes (approximately 268 occupied, approximately 55 unoccupied, and 3 model homes); approximately 37 homes under construction; and approximately 105 vacant developed lots. The District also includes trails and a recreational center including a pool, a picnic pavilion, and a playground. Additionally, the District contains D.R. Horton’s Houston South corporate headquarters on approximately 6.5 acres fronting the Westpark Tollway. The remaining land within the District is comprised of approximately 47.5 developed but undeveloped acres and 111 undevelopable acres. .

Homebuilders

Homebuilding began in the District in 2017. The active homebuilder within the District is D.R. Horton. New homes being constructed in the District range in price from approximately \$220,000 to \$300,000 and range in size from approximately 1,800 square feet to 3,100 square feet.

DEBT SERVICE REQUIREMENTS

The following schedule sets forth the annual principal and interest requirements of the Bonds.

Calendar Year	Plus: The Series 2019 Bonds			Plus: The Series 2019A Bonds			Total
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2020	-	\$192,869	\$192,869	-	\$122,906	\$122,906	\$315,775
2021	\$190,000	192,869	382,869	\$120,000	122,906	242,906	625,775
2022	195,000	184,319	379,319	125,000	117,506	242,506	621,825
2023	205,000	175,544	380,544	130,000	111,881	241,881	622,425
2024	210,000	166,319	376,319	135,000	106,031	241,031	617,350
2025	220,000	156,869	376,869	140,000	99,956	239,956	616,825
2026	225,000	147,519	372,519	145,000	94,356	239,356	611,875
2027	235,000	143,019	378,019	150,000	91,456	241,456	619,475
2028	240,000	138,319	378,319	155,000	88,456	243,456	621,775
2029	250,000	133,519	383,519	160,000	85,356	245,356	628,875
2030	260,000	128,519	388,519	165,000	82,156	247,156	635,675
2031	270,000	123,319	393,319	170,000	78,856	248,856	642,175
2032	280,000	117,919	397,919	175,000	75,456	250,456	648,375
2033	285,000	112,319	397,319	185,000	71,956	256,956	654,275
2034	295,000	106,263	401,263	190,000	68,025	258,025	659,288
2035	305,000	99,625	404,625	195,000	63,750	258,750	663,375
2036	320,000	92,381	412,381	205,000	59,119	264,119	676,500
2037	330,000	84,381	414,381	210,000	53,994	263,994	678,375
2038	340,000	76,131	416,131	220,000	48,744	268,744	684,875
2039	355,000	67,206	422,206	225,000	42,969	267,969	690,175
2040	365,000	57,888	422,888	235,000	37,063	272,063	694,950
2041	380,000	47,850	427,850	240,000	30,600	270,600	698,450
2042	390,000	36,450	426,450	250,000	23,400	273,400	699,850
2043	405,000	24,750	429,750	260,000	15,900	275,900	705,650
2044	420,000	12,600	432,600	270,000	8,100	278,100	710,700
Total	\$6,970,000	\$2,818,763	\$9,788,763	\$4,455,000	\$1,800,900	\$6,255,900	16,044,663
Average Annual Debt Service Requirement (2020–2044)							\$641,787
Maximum Annual Debt Service Requirement (2044)							\$710,700

DISTRICT FINANCIAL DATA

Assessed Valuation

2019 Taxable Assessed Valuation.....	\$ 69,434,430 (a)
Estimated Valuation as of June 1, 2019	\$ 95,227,519 (b)
Direct Debt:	
The Series 2019 Bonds.....	\$ 6,970,000
The Series 2019A Bonds.....	<u>\$ 4,455,000</u>
Total.....	\$ 11,425,000
Estimated Overlapping Debt	<u>\$ 542,656 (c)</u>
Total Direct and Estimated Overlapping Debt	\$ 11,967,656 (d)
Direct Debt Ratios:	
As a percentage of 2019 Taxable Assessed Valuation.....	16.45 %
As a percentage of Estimated Taxable Valuation as of June 1, 2019	12.00 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2019 Taxable Assessed Valuation	17.24 %
As a percentage of Estimated Taxable Valuation as of June 1, 2019	12.57 %
Utility Debt Service Fund Balance (as of date of delivery of the Series 2019 Bonds)	\$198,762 (d)
Road Debt Service Fund (as of date of delivery of the Series 2019A Bonds)	\$126,662 (e)
Construction Fund Balance (as of July 9, 2019)	\$265,883
Operating Fund Balance (as of July 9, 2019).....	\$1,356

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- (a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2019, provided by the Fort Bend Central Appraisal District ("FBCAD"). This amount includes \$269,240 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by FBCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of June 1, 2019, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2019, through June 1, 2019. No taxes will be levied against this amount. See "TAX DATA," "TAXING PROCEDURES," and "DEVELOPMENT WITHIN THE DISTRICT."
- (c) See "DISTRICT FINANCIAL DATA - Estimated Direct and Overlapping Debt Statement."
- (d) Upon closing of the Series 2019 Bonds, twelve (12) months of capitalized interest on the Series 2019 Bonds as well as accrued interest will be deposited into this fund. Neither Texas law nor the Series 2019 Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Funds in the Debt Service Fund are not available to pay debt service on bonds issued by the District for roads (e.g., the Series 2019A Bonds).
- (e) Upon closing of the Series 2019A Bonds, twelve (12) months of capitalized interest on the Series 2019A Bonds as well as accrued interest will be deposited into this fund. Neither Texas law nor the Series 2019A Bond Resolution requires that the District maintain any particular sum in Road Debt Service Fund. Funds in Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the System (e.g., the Series 2019 Bonds).

Unlimited Tax Bonds Authorized but Unissued

Date Authorization	Purpose	Authorized	Issued to Date	Unissued
5/6/17	Water, Sewer & Drainage & Refunding	\$131,630,200	\$6,970,000 (a)	\$124,660,200
5/6/17	Roads & Refunding	70,708,000	4,455,000 (b)	66,253,000
5/6/17	Parks & Recreational Facilities & Refunding	19,500,000	-0-	19,500,000

- (a) The Series 2019 Bonds.
(b) The Series 2019A Bonds.

Investment Authority and Investment Practices of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service, and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Outstanding Debt May 31, 2019	Overlapping	
		Percent	Amount
Fort Bend County	\$558,959,527	0.02%	\$129,130
Fort Bend County Drainage District	-0-	0.02%	-0-
Fort Bend County ISD	1,065,083,767	0.04%	413,526
Harris - Fort Bend County ESD No. 100	-0-	0.24%	-0-
Total Estimated Overlapping Debt.....			\$542,656
Direct Debt (a).....			\$11,425,000
Total Direct & Estimated Overlapping Debt (a).....			\$11,976,656

Debt Ratios

Valuation	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2019 Taxable Assessed Valuation (\$69,434,430)	16.45%	17.24%
Estimated Valuation as of June 1, 2019 (\$95,227,519)	12.00%	12.57%

- (a) Includes the Bonds.

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 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 Resolutions 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, in an amount not to exceed \$1.50 per \$100 of assessed valuation, for operation and maintenance purposes. The Board levied a 2018 tax rate of \$1.35 per \$100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

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

Debt Service Tax

The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the System and for payment of debt service on bonds issued for roads, both such taxes are unlimited as to rate or amount.

The Board covenants in the Series 2019 Bond Resolution to levy and assess, for each year that all of any part of the Series 2019 Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Series 2019 Bonds.

The Board covenants in the Series 2019A Bond Resolution to levy and assess, for each year that all of any part of the Series 2019A Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Series 2019A Bonds.

The District did not levy a debt service tax for the 2018 tax year; however, the District anticipates levying a tax rate for debt service and road debt service for the 2019 tax year.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 6, 2017, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. The District levied a maintenance and operations tax for 2018 at the rate of \$1.35 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with Assessments of the Southwest, Inc., to collect taxes. The District may establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection of delinquent taxes. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property)

and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code, as amended. The District has established the additional penalty.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2017–2018 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 06/30/19
2017	\$7,016,549	1.350	\$94,723	99.79%	2018	93.80%
2018	15,453,225	1.350	208,619	99.69(b)	2019	99.69

(a) Tax rate per \$100 of taxable value composed entirely of a tax for maintenance and operation purposes. See "Tax Rate Distribution" below.

(b) Collections through June 30, 2019.

Tax Rate Distribution

	2018	2017
Debt Service	\$0.00	\$0.00
Road Debt Service	0.00	0.00
Maintenance	<u>1.35</u>	<u>1.35</u>
	\$1.35	\$1.35

Taxable Assessed Valuation Summary

The following represents the type of property comprising the District's value for tax years 2017–2019:

Type of Property	2019 Assessed Taxable Valuation (a)	2018 Assessed Taxable Valuation	2017 Assessed Taxable Valuation
Land	\$23,926,800	\$14,076,350	\$9,154,900
Improvements	45,606,260	2,882,141	-0-
Personal Property	100,110	-0-	-0-
Exemptions	<u>(198,740)</u>	<u>(1,505,266)</u>	<u>(2,138,351)</u>
Total	\$69,434,430	\$15,453,225	\$7,016,549

(a) This amount includes \$269,240 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and assessed values as of January 1, 2018. The principal taxpayers for tax year 2019 were not available as of the date of printing this Official Statement.

Taxpayer	Type of Property	2018 Assessed Valuation
DR Horton - Texas LTD (a)	Land & Improvements	6,135,021
Westpark 220 Investments LLC	Land & Improvements	2,082,860
Homeowner	Land & Improvements	168,840
Homeowner	Land & Improvements	157,960
Homeowner	Land & Improvements	155,770
Homeowner	Land & Improvements	153,090
Homeowner	Land & Improvements	147,960
Homeowner	Land & Improvements	144,850
Homeowner	Land & Improvements	142,600
Homeowner	Land & Improvements	<u>139,630</u>
Total		\$9,428,581
Principal Taxpayers Total as Percentage of District 2018 Valuation		61.01%

(a) See "THE DEVELOPER."

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 on the Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2019 (\$69,434,430) or the Estimated Taxable Valuation as of June 1, 2019 (\$95,227,519). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2020–2044)	\$641,787	(a)
Tax Rate of \$0.98 on the 2019 Taxable Assessed Valuation produces	\$646,435	(a)
Tax Rate of \$0.71 on the Estimated Taxable Valuation as of June 1, 2019, produces	\$642,310	(a)
Maximum Annual Debt Service Requirement (2044)	\$710,700	(a)
Tax Rate of \$1.08 on the 2019 Taxable Assessed Valuation produces	\$712,377	(a)
Tax Rate of \$0.79 on the Estimated Taxable Valuation as of June 1, 2019, produces	\$714,683	(a)

(a) Includes the Series 2019 Bonds and the Series 2019A Bonds.

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 FINANCIAL DATA – 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 2018 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	2018 Tax Rate
The District	\$1.350000
Fort Bend County	0.445000
Fort Bend County Drainage District	0.019000
Fort Bend ISD	1.320000
Harris - Fort Bend Emergency Services District No. 100	<u>0.068000</u>
Estimated Total Tax Rate	\$3.202000

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolutions to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of Payment.” Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See “TAX DATA – Tax Rate Limitation.”

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

General: 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. 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran’s residential homestead. Qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries, including, the surviving spouse of a disabled veteran who would have qualified for such an exemption if such exemption had been in effect on the date the disabled veteran died. 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. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

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

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 formally 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 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 that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three 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. The plan must provide for appraisal of all real property in the FBCAD at least once every three years. It is not known what frequency of reappraisal 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 formally to include such values on its appraisal roll.

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 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.

Tax Payment Installments after Disaster

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

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda, which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted

total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

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

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. 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 proceeding which restrict the collection of taxpayer debts. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead if the person (1) has been granted an exemption under

Section 11.13; Tax Code; (2) requests an installment agreement; and (3) has not entered into an agreement with the collector in the preceding 24 months. The installment payment agreement must provide for payment to be made in monthly installments and must extend for a period of at least 12 months and not more than 36 months. See "RISK FACTORS – General" and "RISK FACTORS – Tax Collections and Foreclosure Remedies."

THE SYSTEM

General

The water, sewer and drainage facilities, the purchase, acquisition and construction of which have been financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, that have jurisdiction over the District.

Description of the System

- Water Supply Source and Facilities -

The District currently obtains its water on an interim basis from Big Oaks Municipal Utility District ("Big Oaks MUD"). The District and Big Oaks MUD entered into an Agreement Regarding Water and Wastewater Facilities (the "Agreement") which grants the District capacity for 205 equivalent single-family connections ("ESFCs"). However, the District completed construction of Water Plant No. 1 - Phase 1 in June 2019 and it is expected to be on-line in the 3rd quarter of 2019. Once Water Plant No. 1 – Phase 1 is on-line, the District will receive its water from the North Fort Bend Water Authority ("NFBWA") and the NFBWA will serve the District with 378,000 gallons per day ("gpd"). Additionally, the facilities include a 20,000 gallon pressure tank, a 375,000 gallon ground storage tank, and a 3,300 gallon per minute ("gpm") booster pump. Once Water Plant No. 1 - Phase 1 is on-line, the District's water supply source and facilities will be sufficient to serve 1,000 ESFCs.

- Wastewater Treatment and Conveyance System -

The District has purchased wastewater capacity from Big Oaks MUD on an interim basis. According to the Agreement, the District is granted capacity for 195 ESFCs. However, the District is currently constructing a 0.2 million gallons per day ("MGD") Interim Wastewater Treatment Plant which is anticipated to be completed by August 2019. Upon completion, the District's wastewater treatment facilities will be sufficient to serve 333 ESFCs.

- Stormwater and Drainage Improvements -

Stormwater runoff from the District flows from southwest to northeast. Stormwater is conveyed by overland flow and eventually flows into Long Point Slough. The drainage improvements that serve the District are curb and gutter roads, inlets, underground storm sewer, drainage channels and stormwater detention basins that convey and provide detention capacity for storm sewer runoff.

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE DISTRICT – General," "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such

information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No Material Adverse Change

The obligations of the Underwriters 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.

No-Litigation Certificate

The District will furnish the Underwriters a certificate, dated of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching the Bonds; restraining or enjoining the issuance, 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 or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolutions that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolutions or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the “Original Issue Discount Bonds”) is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

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 Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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 Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon 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 plus 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 Bond.

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

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to 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 FINANCIAL DATA" (except under the subheading "- Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2019. The District will provide the updated information to EMMA.

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 EMMA within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

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

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have

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

Compliance with Prior Undertakings

The Bonds are the first issuance of bonds by the District; therefore, the District has not previously made any continuing disclosure agreements in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: "THE DISTRICT," "THE SYSTEM," and "APPENDIX B" – Jones & Carter, Inc. ("Engineer"); "THE DEVELOPER" and "DEVELOPMENT WITHIN THE DISTRICT" – the Developer, "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement," "TAX DATA" – Assessments by the Southwest, Inc., and "THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS" and "TAX MATTERS" – Allen Boone Humphries Robinson LLP.

Experts

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

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by Jones & Carter, Inc., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor/Collector and Appraisal District: The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Fort Bend County Tax Office and Assessments by the Southwest Inc., in reliance upon their authority as experts in appraising and tax assessing.

Updating of Official Statement

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

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

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 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. 190, as of the date shown on the first page hereof.

/s/ Randy Young
President, Board of Directors
Fort Bend County Municipal Utility District No. 190

ATTEST:

/s/ Glen Vinklerek
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 190

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 190**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2018

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McGRATH & CO., PLLC

Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors
Fort Bend County Municipal Utility District No. 190
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and General Fund of Fort Bend County Municipal Utility District No. 190, as of and for the year ended June 30, 2018, 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.

***Board of Directors
Fort Bend County Municipal Utility District No. 190
Fort Bend County, Texas***

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 General Fund of Fort Bend County Municipal Utility District No. 190 as of June 30, 2018, 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.

McGuire & Co, P.C.

Houston, Texas
October 8, 2018

Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 190 (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 June 30, 2018. 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 Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. 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.

Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018

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 Fund Balance Sheet* and the *Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. 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 June 30, 2018, was negative \$239,976. This amount is negative because the District relies on advances from its developers to fund operating costs. A comparative summary of the District's overall financial position, as of June 30, 2018 and 2017, is as follows:

	2018	2017
Current and other assets	\$ 271,234	\$ 5,764
Capital assets	6,980,568	756,112
Total assets	<u>7,251,802</u>	<u>761,876</u>
Current liabilities	67,354	21,432
Long-term liabilities	7,424,424	1,009,782
Total liabilities	<u>7,491,778</u>	<u>1,031,214</u>
Net position		
Net investment in capital assets	(144,574)	(19,388)
Unrestricted	(95,402)	(249,950)
Total net position	<u>\$ (239,976)</u>	<u>\$ (269,338)</u>

Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018

The total net position of the District increased during the current fiscal year by \$29,362. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2018	2017
Revenues		
Property taxes, penalties and interest	\$ 98,125	\$ -
Utilities	113,985	
Tap connection and inspection	352,416	
Other	1,350	14
Total revenues	<u>565,876</u>	<u>14</u>
Expenses		
Current service operations	411,328	107,556
Depreciation/amortization	125,186	19,388
Total expenses	<u>536,514</u>	<u>126,944</u>
Change in net position	29,362	(126,930)
Net position, beginning of year	(269,338)	(142,408)
Net position, end of year	<u>\$ (239,976)</u>	<u>\$ (269,338)</u>

Financial Analysis of the District's General Fund

Fund balance in the District's General Fund, as of June 30, 2018, was \$203,677. A comparative summary of the General Fund's financial position as of June 30, 2018 and 2017 is as follows:

	2018	2017
Total assets	<u>\$ 271,234</u>	<u>\$ 5,764</u>
Total liabilities	\$ 67,354	\$ 21,432
Total deferred inflows	203	
Total fund balance	<u>203,677</u>	<u>(15,668)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 271,234</u>	<u>\$ 5,764</u>

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

	2018	2017
Total revenues	\$ 565,673	\$ 14
Total expenditures	(411,328)	(883,056)
Revenues over/(under) expenditures	154,345	(883,042)
Other changes in fund balance	65,000	890,500
Net change in fund balance	<u>\$ 219,345</u>	<u>\$ 7,458</u>

***Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018***

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. The District levied taxes for the first time during the current year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District
- The District's developers advance funds to the District as needed to pay operating costs.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$198,445 greater than budgeted. The *Budgetary Comparison Schedule* on page 28 of this report provides variance information per financial statement line item.

Capital Assets

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

Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018

Capital assets held by the District at June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Capital assets not being depreciated/amortized		
Land and improvements	\$ 2,753,727	\$ -
Capital assets being depreciated/amortized		
Infrastructure	2,663,943	
Landscaping improvements	931,972	
Capacity charges	775,500	775,500
	<u>4,371,415</u>	<u>775,500</u>
Less accumulated depreciation/amortization		
Infrastructure	(59,199)	
Landscaping improvements	(46,599)	
Capacity charges	(38,776)	(19,388)
	<u>(144,574)</u>	<u>(19,388)</u>
Derpreciable capital assets, net	<u>4,226,841</u>	<u>756,112</u>
Capital assets, net	<u>\$ 6,980,568</u>	<u>\$ 756,112</u>

Capital asset additions during the current year include the following:

- Clearing and grubbing for Grand Vista Lakes (phase I) and Lakeview Retreat (phase II)
- Water, sewer, and drainage facilities to serve Grand Vista Lakes, sections 1 – 3
- Detention facilities to serve Grand Vista Lakes, phases I and II
- Landscaping improvements to Lakeview Retreat east and west

Long-Term Debt and Related Liabilities

As of June 30, 2018, the District has agreed to reimburse its developers \$7,424,424 from bond proceeds, subject to conditions, for completed projects and operating advances. As discussed in Note 5, the District has an additional commitment in the amount of \$10,773,020 for projects under construction by developers. As previously mentioned, the District has agreed to reimburse its developer from bond proceeds, subject to conditions, 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.

At June 30, 2018, the District had \$131,630,200 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 refunding of such bonds; \$19,500,000 for parks and recreational facilities and refunding of such bonds and \$70,708,000 for road improvements and refunding of such bonds.

Fort Bend County Municipal Utility District No. 190
Management's Discussion and Analysis
June 30, 2018

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:

	<u>2018 Actual</u>	<u>2019 Budget</u>
Total revenues	\$ 565,673	\$ 717,450
Total expenditures	<u>(411,328)</u>	<u>(491,300)</u>
Revenues over expenditures	154,345	226,150
Other changes in fund balance	65,000	
Net change in fund balance	<u>219,345</u>	<u>226,150</u>
Beginning fund balance	(15,668)	203,677
Ending fund balance	<u><u>\$ 203,677</u></u>	<u><u>\$ 429,827</u></u>

Property Taxes

The District's property tax base increased approximately \$8,437,000 for the 2018 tax year from \$7,016,549 to \$15,453,225. This increase was primarily due to new construction in the District. For the 2018 tax year, the District has levied a tax rate of \$1.35 per \$100 of assessed value, all of which is allocated to maintenance and operations. This is the same rate levied for the 2017 tax year.

Basic Financial Statements

*Fort Bend County Municipal Utility District No. 190
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2018*

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 175,219	\$ -	\$ 175,219
Taxes receivable	203		203
Customer service receivables	56,643		56,643
Prepaid items	39,169		39,169
Capital assets not being depreciated		2,753,727	2,753,727
Depreciable capital assets, net		4,226,841	4,226,841
Total Assets	<u>\$ 271,234</u>	<u>6,980,568</u>	<u>7,251,802</u>
Liabilities			
Accounts payable	\$ 62,670		62,670
Other payables	1,124		1,124
Customer deposits	1,975		1,975
Unearned revenue	1,585		1,585
Due to developer		7,424,424	7,424,424
Total Liabilities	<u>67,354</u>	<u>7,424,424</u>	<u>7,491,778</u>
Deferred Inflows of Resources			
Deferred property taxes	<u>203</u>	<u>(203)</u>	
Fund Balance/Net Position			
Fund Balance			
Nonspendable	39,169	(39,169)	
Unassigned	164,508	(164,508)	
Total Fund Balance	<u>203,677</u>	<u>(203,677)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 271,234</u>		
Net Position			
Net investment in capital assets		(144,574)	(144,574)
Unrestricted		(95,402)	(95,402)
Total Net Position		<u>\$ (239,976)</u>	<u>\$ (239,976)</u>

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 190

**Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2018**

	General Fund	Adjustments	Statement of Activities
Revenues			
Water service	\$ 39,281	\$ -	\$ 39,281
Sewer service	20,270		20,270
Property taxes	94,521	203	94,724
Penalties and interest	3,401		3,401
Regional Water Authority fees	54,434		54,434
Tap connection and inspection	352,416		352,416
Miscellaneous	1,180		1,180
Investment earnings	170		170
Total Revenues	<u>565,673</u>	<u>203</u>	<u>565,876</u>
Expenditures/Expenses			
Current service operations			
Purchased services	50,687		50,687
Professional fees	125,818		125,818
Contracted services	184,469		184,469
Repairs and maintenance	24,548		24,548
Administrative	19,587		19,587
Other	6,219		6,219
Depreciation/Amortization		125,186	125,186
Total Expenditures/Expenses	<u>411,328</u>	<u>125,186</u>	<u>536,514</u>
Revenues Over Expenditures	154,345	(154,345)	
Other Financing Sources			
Developer advances	65,000	(65,000)	
Net Change in Fund Balance	219,345	(219,345)	
Change in Net Position		29,362	29,362
Fund Balance/Net Position			
Beginning of the year	(15,668)	(253,670)	(269,338)
End of the year	<u>\$ 203,677</u>	<u>\$ (443,653)</u>	<u>\$ (239,976)</u>

See notes to basic financial statements.

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Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 190 (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

District was organized, created and established pursuant to House Bill No. 4024 in the 80th Regular Session of the Texas Legislature, codified as Chapter 1284, Special District Local Laws Code (the “Act”) effective September 1, 2007, in accordance with Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and the Act. The Board of Directors held its first meeting on February 25, 2008.

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

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government 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. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District’s principal financial resources are property taxes, utility revenues and developer advances. Expenditures include costs associated with the daily operations of the District.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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.

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.

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2018, allowances for uncollectible accounts were not considered necessary.

Note 1 – Summary of Significant Accounting Policies (continued)

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 consist of water, sewer, and drainage facilities and water and wastewater capacity charges to Big Oaks Municipal Utility District, are depreciated/amortized as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	45 years
Landscaping improvements	20 years
Capacity Charges	40 years

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

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.

Net Position – Governmental Activities

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

Unrestricted – resources not included in the other components.

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.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

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.

Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

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 financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers and the value of capital assets for which the developers have 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 Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental fund		\$ 203,677
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 7,125,142	
Less accumulated depreciation/amortization	<u>(144,574)</u>	
Change due to capital assets		6,980,568
Amounts due to the District's developer for prefunded construction, capacity charges and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .		
		(7,424,424)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
		203
Total net position - governmental activities		<u><u>\$ (239,976)</u></u>

Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

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

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

	\$ 219,345
Net change in fund balances - total governmental fund	
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes.	203
In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.	(125,186)
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 <i>Statement of Net Position</i> .	(65,000)
Change in net position of governmental activities	<u><u>\$ 29,362</u></u>

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.

Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2018, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated/amortized			
Land and improvements	\$ -	\$ 2,753,727	\$ 2,753,727
Capital assets being depreciated/amortized			
Infrastructure		2,663,943	2,663,943
Landscaping improvements		931,972	931,972
Capacity charges	775,500		775,500
	<u>775,500</u>	<u>3,595,915</u>	<u>4,371,415</u>
Less accumulated depreciation/amortization			
Infrastructure		(59,199)	(59,199)
Landscaping improvements		(46,599)	(46,599)
Capacity charges	(19,388)	(19,388)	(38,776)
	<u>(19,388)</u>	<u>(125,186)</u>	<u>(144,574)</u>
Subtotal depreciable capital assets, net	<u>756,112</u>	<u>3,470,729</u>	<u>4,226,841</u>
Capital assets, net	<u>\$ 756,112</u>	<u>\$ 6,224,456</u>	<u>\$ 6,980,568</u>

Depreciation/amortization expense for the current year was \$125,186.

Note 5 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District and the District has agreed to reimburse the developers 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 developers have also advanced funds to the District for operating expenses.

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

Due to developers, beginning of year	\$ 1,009,782
Developer funded construction	6,349,642
Developer advances	65,000
Due to developers, end of year	<u>\$ 7,424,424</u>

Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

Note 5 – Due to Developers (continued)

In addition, the District has agreed to reimburse the developers approximately \$10,773,020 from bond proceeds, subject to conditions, 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
Water, sewer and drainage facilities to serve:			
Lakeview Retreat, section 1	\$ 375,442	\$ 337,628	\$ 37,814
Lakeview Retreat, section 2, phase 1	1,221,579	353,276	868,303
Lakeview Retreat, section 2, phase 2	2,695,000		2,695,000
Lakeview Retreat, detention, phase 3, basin 2	932,657	839,391	93,266
Lakeview Retreat, detention, phase 4	1,630,571	1,083,083	547,488
Water plant no. 1, phase I	1,900,000		1,900,000
0.2 MGD interim wastewater plant	1,025,941		1,025,941
Grand Vista Lakes, lift station no. 1 and force main	836,516	691,096	145,420
Lakeview Retreat, section 1, landscaping	155,314		155,314
	<u>\$ 10,773,020</u>	<u>\$ 3,304,474</u>	<u>\$ 7,468,546</u>

Note 6 – Long-Term Debt

At June 30, 2018, the District had authorized but unissued bonds in the amount of \$131,630,200 for the purpose of acquiring, constructing and improvements the water, sewer and drainage systems within the District and refunding of such bonds; \$19,500,000 for park and recreational facilities and refunding of such bonds and \$70,708,000 for road improvements and refunding of such bonds.

Note 7 – Property Taxes

On May 10, 2008, 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 and to levy taxes for use in road maintenance limited to \$0.25 per \$100 of assessed value.

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 2018 fiscal year was financed through the 2017 tax levy, pursuant to which the District levied property taxes of \$1.35 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$94,723 on the adjusted taxable value of \$7,016,549.

Note 8 – Agreement for Water and Wastewater Service

On November 15, 2016, the District and Big Oaks Municipal Utility District (“Big Oaks”) entered into an agreement for water and wastewater service (the “Agreement”) for purchase of water supply and wastewater capacity necessary to serve the District. The District has agreed to purchase water supply capacity in Big Oaks’ facilities necessary to serve 350 equivalent single-family connections (“ESFC”) at a cost of \$1,500 per ESFC and wastewater capacity necessary to serve 195 ESFCs at a cost of \$2,400 per ESFC. Under the terms of the Agreement, Big Oaks will be the sole owner of water and wastewater facilities; however, the District will have an undivided equitable interest in the facilities based on the District’s proportionate share of equivalent single-family connections.

On June 12, 2018, the District executed the First Supplement (the “Supplement”) to the Agreement. Under the terms of the Supplement, the District shall pay Big Oaks \$232,500 by October 1, 2018 in exchange for an additional 155 ESFCs in water capacity. The District further agrees to pay Big Oaks \$74,667 by December 1, 2018, representing its pro rata share of 46.67% of water plant capacity, with the balance of the capacity being allocated to Big Oaks. Finally, under the Supplement, the District may be supplied water by Big Oaks in the event of an emergency, which is defined as an interruption of North Fort Bend Water Authority’s supply of water to the District. The price for water delivered during an emergency shall be \$1.00 per 1,000 gallons of water delivered during the emergency.

Each district shall be billed monthly for its proportionate share of maintenance and operating expenditures. During the current year, the District paid \$39,067 for its share of maintenance and operating expenditures.

The District is responsible for the construction and operation of water mains, distribution lines, wastewater collection, and conveyance systems necessary to connect to Big Oaks’ water and wastewater facilities.

Note 9 – Interim Wastewater Services Agreement

On December 12, 2017, the District executed an Interim Wastewater Treatment Services Agreement (the “Interim Agreement”) with Fort Bend County Municipal Utility District No. 206 (“FB 206”). Under the Interim Agreement, FB 206 agrees to receive up to 15,000 gallons per day of wastewater from the District, in exchange for which the District agrees to pay \$140 per truckload of wastewater discharged, or approximately \$0.02 per 1,000 gallons of wastewater, to FB 206.

The Interim Agreement shall be in force from December 12, 2017 until the District provides FB 206 with written notice of termination. However, the Interim Agreement shall not continue after December 31, 2020 unless both the District and FB 206 sign a written amendment extending it.

In the current fiscal year, the District paid \$11,620 to FB 206 for wastewater treatment.

Fort Bend County Municipal Utility District No. 190
Notes to Basic Financial Statements
June 30, 2018

Note 10 – Lease Agreement

During the current year, the District approved a lease agreement for a 200,000 gallon per day interim wastewater treatment plant with AUC Group, LP. The lease was executed on August 14, 2018. Under the agreement, the District will lease the interim plant for an initial term of 60 months, with the option to extend the lease on a month-to-month basis thereafter. The total rent for the interim plant, excluding installation and startup costs, shall be \$1,110,000, payable in 60 equal monthly installments of \$18,500. The District shall also pay for installation of the interim plant. Should the District choose to exercise its option to extend the agreement, monthly rent shall be \$13,400. The District also has the option to purchase the interim plant during the initial period, or during an extension should the District exercise its option to extend. The purchase price shall be the interim plant's residual value; if the District exercises this option during an extension, the purchase price shall be reduced by an amount equal to the monthly principal value.

During the current year, the District prepaid \$37,000 to AUC Group, representing the first and last month's lease payment. Future minimum lease payments as of June 30, 2018 for this lease are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 203,500
2020	222,000
2021	222,000
2022	222,000
2023	203,500
	<u>\$ 1,073,000</u>

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 – Economic Dependency

The District has relied on its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' ability to pay property taxes may affect the District's ability to meet its future obligations.

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Required Supplementary Information

Fort Bend County Municipal Utility District No. 190
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ -	\$ -	\$ 39,281	\$ 39,281
Sewer service			20,270	20,270
Property taxes		91,000	94,521	3,521
Penalties and interest			3,401	3,401
Tap connection and inspection		65,000	352,416	287,416
Regional Water Authority fees			54,434	54,434
Miscellaneous			1,180	1,180
Investment earnings			170	170
Total Revenues	<u>-</u>	<u>156,000</u>	<u>565,673</u>	<u>409,673</u>
Expenditures				
Current service operations				
Purchased services			50,687	(50,687)
Professional fees	82,000	107,000	125,818	(18,818)
Contracted services	6,000	48,500	184,469	(135,969)
Repairs and maintenance		10,000	24,548	(14,548)
Administrative	14,150	14,600	19,587	(4,987)
Other	5,000	5,000	6,219	(1,219)
Total Expenditures	<u>107,150</u>	<u>185,100</u>	<u>411,328</u>	<u>(226,228)</u>
Revenues Over/(Under) Expenditures	(107,150)	(29,100)	154,345	183,445
Other Financing Sources				
Developer advances - operating costs	107,150	50,000	65,000	15,000
Net Change in Fund Balance	-	20,900	219,345	198,445
Fund Balance				
Beginning of the year	-	(15,668)	(15,668)	
End of the year	<u>\$ -</u>	<u>\$ 5,232</u>	<u>\$ 203,677</u>	<u>\$ 198,445</u>

Fort Bend County Municipal Utility District No. 190
Notes to Required Supplementary Information
June 30, 2018

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 190
TSI-1. Services and Rates
June 30, 2018

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

- Retail Water Wholesale Water Solid Waste / Garbage Drainage
 Retail Wastewater Wholesale Wastewater Flood Control Irrigation
 Parks / Recreation 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:	\$ 32.25	8,000	N	\$ 1.00	8,001	to 15,000
				\$ 1.50	15,001	to 30,000
				\$ 2.00	30,001	to no limit
Wastewater:	\$ 22.25	- 0 -	Y			to
Surface water fee:	\$ 4.07	- 0 -	N	\$ 4.07	0	to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 74.95 Wastewater \$ 22.25

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"	232	226	x 1.0	226
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	10	10	x 8.0	80
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	243	237		309
Total Wastewater	233	227	x 1.0	227

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 190
TSI-1. Services and Rates
June 30, 2018

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 pumped into system:	<u>17,999,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>18,077,000</u>	(Gallons billed / Gallons pumped) <u>100.43%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

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 No

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

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

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

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

Entirely 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

If Yes, by whom? _____

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 190
TSI-2 General Fund Expenditures
For the Year Ended June 30, 2018

Purchased services		
Water	\$	39,067
Sewer		11,620
		<u>50,687</u>
Professional fees		
Legal		88,740
Audit		6,000
Engineering		31,078
		<u>125,818</u>
Contracted services		
Bookkeeping		5,513
Tax Assessor/Collector		2,700
Operator		5,108
Tap connection and inspection		142,642
Sludge removal		28,506
		<u>184,469</u>
Repairs and maintenance		<u>24,548</u>
Administrative		
Directors fees		6,450
Printing and office supplies		5,995
Insurance		35
Other		7,107
		<u>19,587</u>
Other		<u>6,219</u>
Total expenditures	\$	<u><u>411,328</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 190
TSI-4. Taxes Levied and Receivable
June 30, 2018

	Maintenance Taxes
2017 Original Tax Levy	\$ 94,723
Tax collections:	
Current year	94,521
Taxes Receivable, End of Year	\$ 202
Taxes Receivable, By Years	
2017	\$ 202
Property Valuations:	2017
Land	\$ 7,004,880
Improvements	2,150,020
Exemptions	(2,138,351)
Total Property Valuations	\$ 7,016,549
Tax Rates per \$100 Valuation:	
Maintenance tax rates	\$ 1.35
Adjusted Tax Levy:	\$ 94,723
Percentage of Taxes Collected to Taxes Levied ***	99.79%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 10, 2008

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on May 10, 2008

*** 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. 190
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2018	2017	2016**	2015**	2014**
Revenues					
Water service	\$ 39,281	\$ -	\$ -	\$ -	\$ -
Sewer service	20,270				
Property taxes	94,521				
Penalties and interest	3,401				
Tap connection and inspection	352,416				
Regional Water Authority fees	54,434				
Miscellaneous	1,180				
Investment earnings	170	14	3	3	-
Total Revenues	565,673	14	3	3	-
Expenditures					
Current service operations					
Purchased services	50,687				
Professional fees	125,818	87,649	5,848	16,152	
Contracted services	184,469	8,721	1,400	6,325	
Repairs and maintenance	24,548				
Administrative	19,587	10,583	4,275	9,501	761
Other	6,219	603		270	
Capital outlay		775,500			
Total Expenditures	411,328	883,056	11,523	32,248	761
Revenues Over (Under) Expenditures	\$ 154,345	\$ (883,042)	\$ (11,520)	\$ (32,245)	\$ (761)

*Percentage is negligible

** Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues

2018	2017	2016**	2015**	2014**
6%				
4%				
17%				
1%				
62%				
10%				
*				
*	100%	100%	N/A	N/A
100%	100%	100%	0%	0%
9%				
22%	626064%	194933%	538400%	
33%	62293%	46667%	210833%	
4%				
3%	75593%	142500%	N/A	N/A
1%	4307%		9000%	
	5539286%			
72%	6307543%	384100%	N/A	N/A
28%	(6,307,443%)	(384,000%)	N/A	N/A

Fort Bend County Municipal Utility District No. 190
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2018

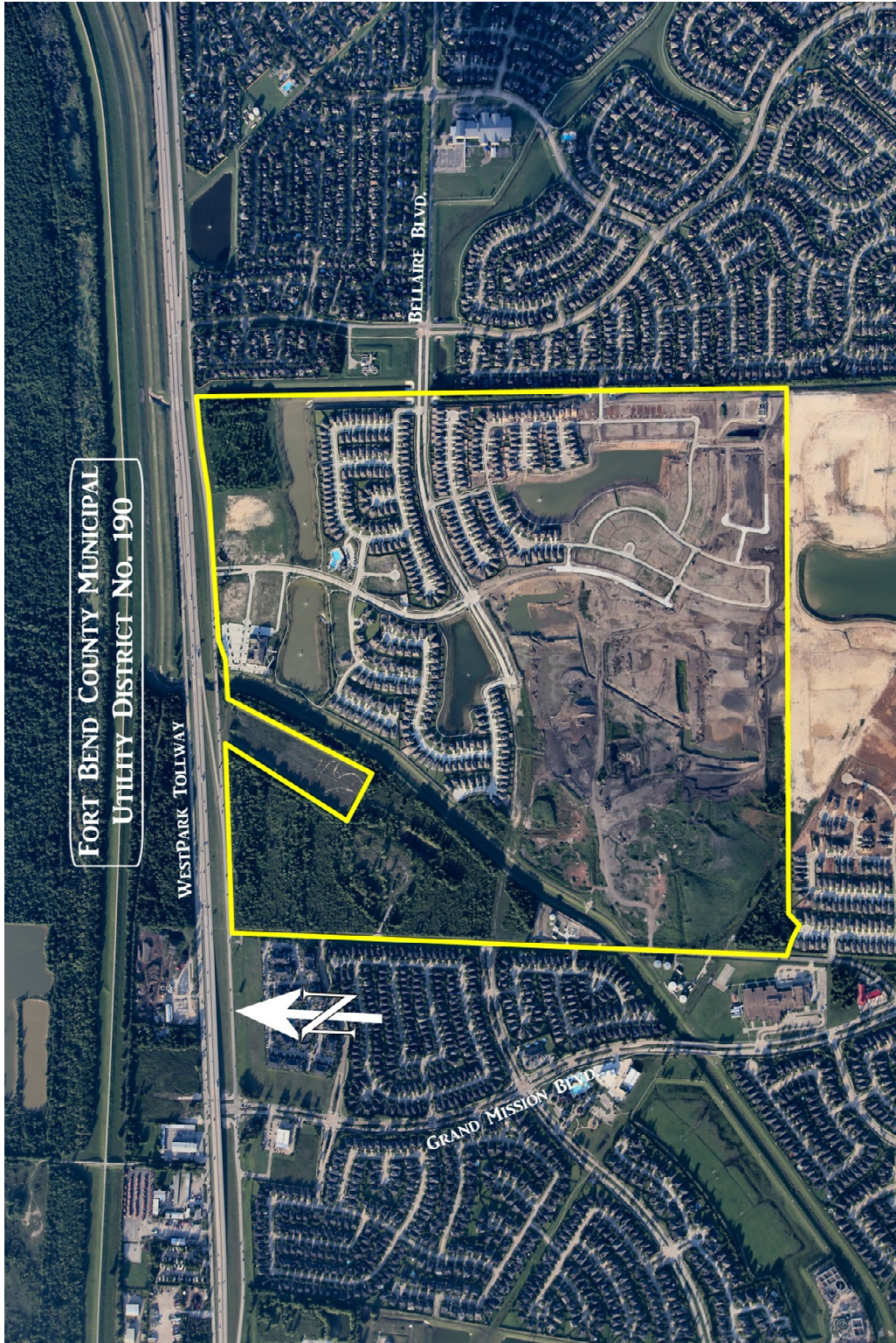
Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 8, 2018
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Randy Young	5/18 - 5/22	\$ 1,500	\$ 108	President
Tracy M. Youngblood	5/18 - 5/22	1,500	110	Vice President
Ronald D. Petersen	5/18 - 5/22	1,500	316	Assistant Vice President
Glen Vinklarek	1/17 - 5/20	900	238	Secretary
Shannon Frederick	5/16 - 5/20	1,050	719	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2008	<u>Amounts Paid</u> \$ 88,740		Attorney
Myrtle Cruz, Inc.	2008	4,130		Bookkeeper
Assessments of the Southwest, Inc.	2008	2,700		Tax Collector
Si Environmental	2017	177,207		Operator
Fort Bend Central Appraisal District	Legislative			Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2017			Delinquent Tax Attorney
Jones & Carter	2017	31,078		Engineer
McGrath & Co., PLLC	Annual	6,000		Auditor
R.W. Baird & Co., Inc.	2017			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
AERIAL OF THE DISTRICT



APPENDIX C
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



BAM

**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

SPECIAL MEMBER

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)

SPECIMEN