

OFFICIAL STATEMENT DATED OCTOBER 29, 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 are designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

Moody's Investors Service, Inc. (Underlying) "Baa2"
S&P Global Ratings (BAM Insured) "AA"

\$1,310,000

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 20

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

UNLIMITED TAX LEVEE IMPROVEMENT REFUNDING BONDS, SERIES 2019

Interest Accrues: December 1, 2019

Due: September 1, as shown on the inside cover

The \$1,310,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 (the "Bonds"), are obligations of Fort Bend County Levee Improvement District No. 20 (the "District"), and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Richmond, Texas; or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Richmond, Texas; or any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation to the paying agent/registrars, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from December 1, 2019, and is payable March 1, 2020, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to 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 Bonds are fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The proceeds from the sale of the Bonds, together with other lawfully available District funds, will be applied to refund certain outstanding bonds of the District and to pay costs of issuance of the Bonds. See "PLAN OF FINANCING – Use and Distribution of Bond Proceeds." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." The Bonds are subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Underwriter"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Underwriter's Counsel. Delivery of the Bonds is expected on or about December 5, 2019.

SAMCO CAPITAL MARKETS, INC.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$1,310,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2019

\$575,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679S (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679S (b)
2020	\$ 20,000	3.000%	1.560%	DB0	2025	\$ 70,000	2.000%	1.980%	DG9
2021	60,000	3.000%	1.630%	DC8	2026	75,000	2.000%	2.150%	DH7
2022	65,000	3.000%	1.650%	DD6	2027	75,000	2.125%	2.300%	DJ3
2023	65,000	3.000%	1.710%	DE4	2028	75,000	2.250%	2.430%	DK0
2024	70,000	3.000%	1.780%	DF1					

\$735,000 Term Bonds

\$250,000 Term Bonds Due September 1, 2031 (c)(d), Interest Rate: 3.000% (Price: \$104.207) (a), CUSIP No. 34679S DN4 (b)

\$280,000 Term Bonds Due September 1, 2034 (c)(d), Interest Rate: 3.000% (Price: \$102.724) (a), CUSIP No. 34679S DR5 (b)

\$205,000 Term Bonds Due September 1, 2036 (c)(d), Interest Rate: 3.000% (Price: \$101.606) (a), CUSIP No. 34679S DT1 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the yield resulting when priced to maturity.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Service, 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. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.
- (c) Bonds maturing on September 1, 2030, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2029, or on any date thereafter, at par plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds - *Optional Redemption*."
- (d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts as set forth herein under "THE BONDS - Redemption of the Bonds - *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 Underwriter.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel, for further information.

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Underwriter and thereafter only as specified in "OFFICIAL STATEMENT - Updating of Official Statement" and "CONTINUING DISCLOSURE OF 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 B - Specimen Municipal Bond Insurance Policy."

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the District, pursuant to the terms and conditions set forth in the Bond Purchase Agreement, for \$1,319,555.00 (being the principal amount of the Bonds, plus a net original issue premium on the Bonds of \$29,660.10, and less an underwriter’s discount of \$20,105.10), plus accrued interest on the Bonds to the date of delivery. The Underwriter’s obligation is to purchase all of the Bonds, if any Bonds are purchased.

Prices and Marketability

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

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 the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of 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/creditsights/. (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

RATINGS

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" on the Bonds from S&P solely in reliance upon the issuance of the Policy issued by BAM at the time of delivery of the Bonds.

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

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 or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned the Bonds other than the rating of S&P and Moody's

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The Issuer Fort Bend County Levee Improvement District No. 20 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Issue The District's \$1,310,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 (the "Bonds"), are dated December 1, 2019. Interest accrues from December 1, 2019, at the rates set forth on the inside cover of this Official Statement, and is payable March 1, 2020, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature on September 1 in each of the years and in the amounts shown on the inside cover of this Official Statement.

Redemption..... The Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at par plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds - *Optional Redemption*."

The Bonds maturing on September 1 in each of the years 2031, 2034 and 2036 are term bonds that are also subject to the mandatory redemption provisions set out herein under "THE BONDS - Redemption of the Bonds - *Mandatory Redemption*."

Source of Payment The Bonds are payable from an annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Richmond, Texas; or any entity other than the District. See "THE BONDS - Source of Payment."

Use of Proceeds Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to refund \$1,215,000 principal amount of the \$1,500,000 Unlimited Tax Levee Improvement Bonds, Series 2011 (the "Refunded Bonds"). Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

Remaining Outstanding Bonds..... The District has previously issued the following three (3) series of bonds: \$1,500,000 Unlimited Tax Levee Improvement Bonds, Series 2011; \$1,250,000 Unlimited Tax Levee Improvement Bonds, Series 2014; and \$2,450,000 Unlimited Tax Levee Improvement Bonds, Series 2018. Of such previously issued bonds, a total of \$4,660,000 remains outstanding as of October 1, 2019 (the "Outstanding Bonds"). After the sale of the Bonds and refunding of the Refunded Bonds, a total of \$3,445,000 principal amount of such

previously issued bonds will remain outstanding (the “Remaining Outstanding Bonds”) and the District’s total bonded indebtedness will be \$4,755,000.

Payment Record.....	The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See “THE BONDS – Source of Payment.”
Authority for Issuance.....	The Bonds constitute the fourth series of bonds issued by the District out of an aggregate of \$50,000,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing an earthen levee, inlet/outlet structures and storm water pumping facilities, pumps to serve the storm water pump station, and land costs associated with drainage and detention facilities (the “Levee System”) and for refunding purposes. Following the sale of the Bonds, the District will have \$44,705,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Levee System and for refunding purposes remaining authorized but unissued. See “THE BONDS – Source of Payment.”
Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
Ratings.....	Moody’s Investors Service, Inc. (Underlying) – “Baa2.” S&P Global Ratings (BAM Insured) – “AA.” See “RATINGS.”
Legal Opinion	Allen Boone Humphries Robinson LLP, Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Underwriter’s Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Verification Agent	Robert Thomas CPA LLC, Minneapolis, Minnesota.
Paying Agent/Registrar	Zions Bancorporation, National Association, Houston, Texas.

THE DISTRICT

Description.....	The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas, on August 28, 2007. The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing flood plain reclamation, flood protection, detention and outfall drainage. The District presently contains approximately 595 acres of land located in the northeast portion of Fort Bend County, Texas, approximately 28 miles southwest from the downtown of the City of Houston, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Richmond, Texas.
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 57 of the Texas Water Code, as amended, and pursuant to Article XVI, Section 59 of the Texas Constitution. See “THE DISTRICT – General.”
Developer.....	The principal developers of land within the District are 572-Three, Ltd., a Texas limited partnership (“572-Three”) and 4M2019, LLC, a Texas limited partnership (“4M2019”) created for the sole purpose

of developing the land in the District. 572-Three and 4M2019 are collectively referred to herein as the "Developers." The general partner of the Developers is The Millis Group, Inc. a Texas corporation. Mark and Laura Millis own 100% of the stock in The Millis Group, Inc. and a majority of the partnership interest in the Developers. Mark and Laura Millis also own a majority interest in Royal Valley Utilities, Inc. ("Royal Valley"). See "THE DEVELOPERS."

Development within the District..... The District is being developed as Kingdom Heights and Providence at Kingdom Heights, comprising a predominantly single-family residential community. Development of Kingdom Heights began in 2007. With the consent of the District, 572-Three has financed the construction of drainage facilities to serve Kingdom Heights, Sections One, Two, Three and Four (approximately 135 acres of land developed into 579 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Lots in Kingdom Heights, Section Five are under construction (approximately 16 acres of land being developed into 78 single-family residential lots) and are anticipated to be complete by the end of November 2019. Providence at Kingdom Heights will be developed by 4M2019, commencing in November 2019. Providence at Kingdom Heights will contain approximately 18 acres of land being developed into 90 single-family residential lots and is anticipated to be complete by the end of April 2020. As of June 1, 2019, the District contained 524 single-family homes completed and occupied, 8 single-family homes completed, not occupied, and unsold, 22 single-family homes in various stages of construction (of which 2 were under contract to homebuyers), and 25 developed lots available for homebuilding. In addition, approximately 3 acres have been developed into a recreational center and approximately 3 acres have been developed as 12 lots (3 of which are completed, unoccupied homes) as the model home park within the District. Park and recreation facilities currently consist of 12 pocket parks, amenity lakes, and walking trails.

Approximately 13 acres of commercial reserves in the District (of which approximately 5 acres are currently served by underground trunkline utilities, with no improvements upon them) are located outside the boundaries of the levee serving the District and are shown to be within the 100-year flood plain and will need to be filled prior to commercial development. In addition, the District presently contains approximately 160 acres of developable land which are not provided with underground water, sewer and drainage facilities, all of which acreage is owned by the Developers. According to the Developers, approximately 209 acres of land are planned to be contained in parks, recreation, amenity lakes, drill sites, and open spaces and 40 acres of land are planned to be contained in plant sites, pump station, drainage easements, rights-of-way, and levee easement. See "THE DEVELOPERS – Status of Development within the District."

Homebuilders Homebuilding in the District is currently being conducted by Saratoga Homes, Gateway Homes and K. Hovnanian Homes. Newer homes in the District range in offering prices from approximately \$240,910 to over approximately \$319,950.

- Flood Protection Due to the impending change in the Fort Bend County, Texas, FEMA floodplain maps, the Developers financed the construction of an earthen levee, storm water pump station and other improvements to remove all developable land in the District from the proposed 100-year floodplain. The levee, storm water pump station, and other appurtenances are complete and operational and according to the Federal Emergency Management Association's effective Flood Insurance Rate Maps, approximately 71 acres of the approximately 160 acres of remaining developable land are within the floodplain inside the levee and will be filled by the Developers prior to development. See "THE SYSTEM – Flood Protection."
- Water and Sewer Service..... The property in the District is served with water production and distribution and sewer treatment and collection capacities by Royal Valley, who holds Certificate of Convenience and Necessity Numbers 12922 and 20870. The District is coterminous with Fort Bend County Municipal Utility District No. 176 ("MUD 176"). Neither the District nor MUD 176 owns or operates any water or sewer facilities nor does neither receive any water or sewer revenue. MUD 176 has a contract with Royal Valley that entitles the property owners within MUD 176 to receive water and sewer service. Neither the District nor MUD 176 anticipates the issuance of debt to finance the water or sewer system to serve the area within the District and MUD 176. Future growth in the District and MUD 176 would be adversely impacted if Royal Valley was unable to fulfill its contracted obligations to MUD 176.
- Drainage Facilities The Developers are advancing funds on behalf of MUD 176 to finance the construction of drainage facilities to serve the Kingdom Heights development within MUD 176. MUD 176 has previously issued \$9,135,000 of unlimited tax bonds, payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 176's boundaries to reimburse the Developers. As of October 1, 2019, \$6,425,000 of such bonds remains outstanding. MUD 176 plans to issue additional bonds to reimburse the Developers for the costs of MUD 176 facilities currently constructed as well as facilities to be constructed in the future. MUD 176 set a 2019 tax rate of \$0.55 per \$100 of taxable assessed valuation. See "INVESTMENT CONSIDERATIONS – Overlapping Taxes."

INVESTMENT CONSIDERATIONS

THE DISTRICT'S TAX IS LEVIED ONLY ON THE TAXABLE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2019 Taxable Assessed Valuation.....	\$ 118,292,287	(a)
Direct Debt		
The Remaining Outstanding Bonds.....	\$ 3,445,000	
The Bonds	<u>\$ 1,310,000</u>	
Total.....	\$ 4,755,000	
Estimated Overlapping Debt	<u>\$ 15,372,123</u>	(b)
Total Direct and Estimated Overlapping Debt	\$ 20,127,123	
Debt Service Fund Balance (as of October 10, 2019).....	\$ 214,017	(c)
General Fund Balance (as of October 10, 2019).....	\$ 522,637	
Capital Projects Fund Balance (as of October 10, 2019)	\$ 33,705	
2019 Tax Rate per \$100 of Taxable Assessed Valuation		
Debt Service	\$ 0.290	
Maintenance.....	<u>\$ 0.260</u>	
Total.....	\$ 0.550	
Direct Debt Ratio:		
As a percentage of 2019 Taxable Assessed Valuation.....	4.02	%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2019 Taxable Assessed Valuation.....	17.01	%
Average Annual Debt Service Requirement (2020–2043)	\$ 283,886	(d)
Maximum Annual Debt Service Requirement (2021).....	\$ 337,725	(d)
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2020–2043) at 95% Tax Collections		
Based Upon 2019 Taxable Assessed Valuation.....	\$ 0.26	
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2021) at 95% Tax Collections		
Based Upon 2019 Taxable Assessed Valuation.....	\$ 0.31	

(a) As certified by the Appraisal District (herein defined). This value includes \$429,672 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(c) Neither Texas Law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the debt service fund.

(d) See "DISTRICT DEBT – Debt Service Requirement Schedule."

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FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 20

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

\$1,310,000 UNLIMITED TAX LEVEE IMPROVEMENT REFUNDING BONDS, SERIES 2019

INTRODUCTION

This Official Statement of Fort Bend County Levee Improvement District No. 20 (the "District") is provided to furnish information with respect to the issuance by the District of its \$1,310,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 (the "Bonds").

The Bonds are issued pursuant to a resolution ("Bond Resolution") adopted by the Board of Directors of the District (the "Board") on the date of sale of the Bonds, Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, particularly Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code.

Following in this Official Statement are descriptions of the Bonds, the Bond Resolution, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated December 1, 2019, with interest payable March 1, 2020, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover of this Official Statement.

Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrars, initially, The Bank of Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the 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 Registrar and a Registered Owner at the risk and expense of such Registered Owner.

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 ("DTC"), New York, New York, while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 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 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 Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Registrar upon surrender at the corporate trust office of the Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending

on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at par plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Registrar prior to the redemption date by such random method as the Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds that mature on September 1 in each of the years 2031, 2034 and 2036 are terms bonds (the “Term Bonds”) and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Utility Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on September 1 in each of the years and in the principal amounts set forth in the following schedules:

\$250,000 Term Bonds Maturing on September 1, 2031

<u>Mandatory Redemption Date (September 1)</u>	<u>Principal Amount</u>
2029	\$ 80,000
2030	85,000
2031 (Maturity)	85,000

\$280,000 Term Bonds Maturing on September 1, 2034

<u>Mandatory Redemption Date (September 1)</u>	<u>Principal Amount</u>
2032	\$ 90,000
2033	90,000
2034 (Maturity)	100,000

\$205,000 Term Bonds Maturing on September 1, 2036

<u>Mandatory Redemption Date (September 1)</u>	<u>Principal Amount</u>
2035	\$ 100,000
2036 (Maturity)	105,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been

purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The Bonds constitute the fourth series of bonds issued by the District out of an aggregate of \$50,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing an earthen levee, inlet/outlet structures and storm water pumping facilities, pumps to serve the storm water pump station, and land costs associated with drainage and detention facilities (the "Levee System") and for refunding purposes. Following the sale of the Bonds, the District will have \$44,705,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Levee System and for refunding purposes remaining authorized but unissued. See "THE BONDS – Source of Payment."

The Bonds are issued pursuant to the Bond Resolution adopted by the Board on the date of sale of the Bonds, Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, particularly Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code.

Source of Payment

The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and appraisal district fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Fort Bend County, Texas; the City of Richmond, Texas (the "City"); or any entity other than the District.

Annexation and Consolidation

Under existing Texas law, Fort Bend County Municipal Utility District No. 176 ("MUD 176"), which is coterminous with the District, may be annexed by the City without MUD 176's consent, and the City cannot annex territory within MUD 176 unless it annexes MUD 176 in entirety. However, under legislation, the City may not annex MUD 176 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. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and MUD 176 specifying the procedures for full purpose annexation of all or a portion of MUD 176. If MUD 176 is annexed, the City will assume MUD 176's assets and obligations (including the Bonds) and dissolve MUD 176. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, MUD 176 makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

A levee improvement district, the District, may be dissolved by the County Commissioners' Court by petition or on its own motion. If the District is dissolved by the County Commissioners' Court, the County would assume the assets and obligations of the District. Dissolving the District is a policy-making decision within the

discretion of the County Commissioners' Court. Moreover, no representation is made concerning the ability of the County to make debt service payments if dissolution occurs.

Issuance of Additional Debt

The Bonds constitute the fourth series of bonds issued by the District out of an aggregate of \$50,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Levee System and for refunding purposes. Following the sale of the Bonds, the District will have \$44,705,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Levee System and for refunding purposes remaining authorized but unissued.

According to the Engineer (herein defined), said remaining principal amount of unlimited tax bonds will be sufficient to fully develop the Levee System. Additional tax bonds may be authorized by District's voters in the future.

The Bond Resolution imposes no limitation on the amount of additional bonds that may be issued by the District. Any additional bonds issued by the District would be on a parity with the Bonds.

No Arbitrage

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

Defeasance

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the debt service fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Outstanding Bonds and the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Outstanding Bonds and the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Outstanding Bonds and the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

PLAN OF FINANCING

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to refund \$ 1,215,000 principal amount of the \$1,500,000 Unlimited Tax Levee Improvement Bonds, Series 2011 (the "Refunded Bonds"). Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Series 2011 Park Bonds	
Principal Amount	Maturity Date
\$ 45,000	09/01/2021
50,000	09/01/2022
50,000	09/01/2023
55,000	09/01/2024
60,000	09/01/2025
65,000	09/01/2026
65,000	09/01/2027
70,000	09/01/2028
75,000 (a)	09/01/2029
80,000 (a)	09/01/2030
85,000 (b)	09/01/2031
90,000 (b)	09/01/2032
95,000 (b)	09/01/2033
105,000 (b)	09/01/2034
110,000 (b)	09/01/2035
<u>115,000 (b)</u>	09/01/2036
\$ 1,215,000	

Redemption Date: 12/05/2019

(a) Represents mandatory sinking fund payments for a term bond with a maturity of September 1, 2030.

(b) Represents mandatory sinking fund payments for a term bond with a maturity of September 1, 2036.

Defeasance of the Refunded Bonds

The Refunded Bonds and the interest due thereon, are to be paid on the redemption date from funds to be deposited with Wells Fargo Bank, Minneapolis, Minnesota, as paying agent for the Refunded Bonds. The Bond Resolution provides that from the proceeds of the sale of the Bonds, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Robert Thomas CPA LLC, will verify to the District, the Paying Agent for the Refunded Bonds, Bond Counsel, and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolutions of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited in the Payment Account, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Remaining Outstanding Bonds

The District has previously issued the following three (3) series of bonds: \$1,500,000 Unlimited Tax Levee Improvement Bonds, Series 2011; \$1,250,000 Unlimited Tax Levee Improvement Bonds, Series 2014; and \$2,450,000 Unlimited Tax Levee Improvement Bonds, Series 2018. Of such previously issued bonds, a total of \$4,660,000 remains outstanding as of October 1, 2019 (the "Outstanding Bonds"). After the sale of the Bonds and refunding of the Refunded Bonds, a total of \$3,445,000 principal amount of such previously issued bonds will remain outstanding (the "Remaining Outstanding Bonds") and the District's total bonded indebtedness will be \$4,755,000.

	Original Principal Amount	Outstanding Bonds	Less: Refunded Bonds	Remaining Outstanding Bonds
Series 2011 Levee Improvement Bonds	\$ 1,500,000	\$ 1,260,000	\$ (1,215,000)	\$ 45,000
Series 2014 Levee Improvement Bonds	\$ 1,250,000	\$ 1,000,000	\$ -0-	\$ 1,000,000
Series 2018 Levee Improvement Bonds	\$ 2,450,000	\$ 2,400,000	\$ -0-	\$ 2,400,000
	<u>\$ 5,200,000</u>	<u>\$ 4,660,000</u>	<u>\$ (1,215,000)</u>	<u>\$ 3,445,000</u>

Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of the Bonds	\$ 1,310,000.00
Net Original Issue Premium.....	29,660.10
Accrued Interest on the Bonds	407.01
Transfer from Capital Projects Fund	<u>11,691.07</u>
Total Sources of Funds	\$ 1,351,758.18

USES OF FUNDS:

Deposit for Payment of Refunded Bonds	\$ 1,231,674.89
Deposit of Accrued Interest to Debt Service Fund.....	407.01
Issuance Expenses, Additional Proceeds and Underwriter's Discount	<u>119,676.28</u>
Total Uses of Funds	\$ 1,351,758.18

THE DISTRICT

General

The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas, on August 28, 2007 and operates under the Section 59 of the Texas Constitution, Chapters 49 and 57 of the Texas Water Code, and other general statutes applicable to levee improvement districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City.

The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing flood plain reclamation, flood protection, detention and outfall drainage. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to construct, operate and maintain major thoroughfares and other major roadways, establish parks and recreational facilities for the residents of the District and to contract for or employ its own peace officers.

The District contains approximately 595 acres of land. The District is located approximately 28 miles southwest of downtown of the City of Houston, Texas. The District is located approximately 8 miles north of U.S. Highway 59 and Highway 36 and 10 miles west of the Grand Parkway.

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Management of the District

The District is governed by a board of three directors which has control and management supervision over all affairs of the District. All of the directors own property in the District. Directors are elected in odd-numbered years for staggered, four-year terms. The present members and officers of the Board and their positions are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires August</u>
Jared Biermann	President	2023
Jeffrey Singer	Vice President	2023
Joseph Sheets	Secretary	2023

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

Tax Assessor/Collector: The District's Tax Assessor/Collector is Tax Tech Inc. Tax Tech Inc. serves more than 90 utility districts. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District (the "Appraisal District") and bills and collects such levy.

Bookkeeper: The District contracts with Municipal Accounts & Consulting, L.P. for bookkeeping services.

Utility System Operator: MUD 176 contracts with Royal Valley Utilities, Inc. ("Royal Valley") for water supply, wastewater treatment, and maintenance and operation of such system. Royal Valley has the exclusive right to serve all customers within MUD 176 and the District pursuant to Certificates of Convenience and Necessity ("CCN") issued by the Texas Commission on Environmental Quality (the "TCEQ"). Royal Valley serves customers within the District pursuant to a tariff approved by the TCEQ which may be amended from time to time.

Levee Operator: The District contracts with LID Solutions as the levee operator.

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Sherrington-Humble, LLC (the "Engineer").

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The District's audited financial statements for the fiscal year ending March 31, 2019, have been prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's March 31, 2019, audited financial statement.

Financial Advisor: The District has engaged Robert W. Baird & Co. Incorporated, Houston, Texas (the "Financial Advisor"), as Financial Advisor to the District. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Legal 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: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Special Consultant Related to Issuance of the Bonds

Verification Agent: At the time of delivery of the Bonds, Robert Thomas CPA LLC, Minneapolis, Minnesota (the "Verification Agent"), will verify to the District, Bond Counsel, and the Underwriter certain matters

related to the issuance of the Bonds and the refunding of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

THE DEVELOPERS

The Role of a Developer

In general, the activities of a developer in a municipal utility district and/or levee improvement 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 the 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 Developers

The principal developers of land within the District are 572-Three, Ltd., a Texas limited partnership (“572-Three”) and 4M2019, LLC, a Texas limited partnership (“4M2019”) created for the sole purpose of developing the land in the District. 572-Three and 4M2019 are collectively referred to herein as the “Developers.” The general partner of the Developers is The Millis Group, Inc. a Texas corporation. Mark and Laura Millis own 100% of the stock in The Millis Group, Inc. and a majority of the partnership interest in the Developers. Mark and Laura Millis also own a majority interest in Royal Valley, which is the utility company that furnishes water and sewer services to the District. The success or failure of Royal Valley and/or the Developer could affect the ability of Royal Valley to serve its customers within the District. See “THE DEVELOPERS – Status of Development within the District” and “TAX DATA – Principal Taxpayers.”

Developer Financing

To provide development financing, the Developers entered into a loan agreement with NewFirst National Bank. Pursuant to such loan agreement, which is secured by a deed of trust, the amount of the note is for an aggregate of \$4,000,000 and has a maturity date of February 20, 2021. As June 1, 2019, the outstanding balance on the note was approximately \$2,954,347.

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Status of Development within the District

The District is being developed as Kingdom Heights and Providence at Kingdom Heights, comprising a predominantly single-family residential community. Development of Kingdom Heights began in 2007. With the consent of the District, 572-Three has financed the construction of drainage facilities to serve Kingdom Heights, Sections One, Two, Three and Four (approximately 135 acres of land developed into 579 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Lots in Kingdom Heights, Section Five are under construction (approximately 16 acres of land being developed into 78 single-family residential lots) and are anticipated to be complete by the end of November 2019. Providence at Kingdom Heights will be developed by 4M2019, commencing in November 2019. Providence at Kingdom Heights will contain approximately 18 acres of land being developed into 90 single-family residential lots and is anticipated to be complete by the end of April 2020. As of June 1, 2019, the District contained 524 single-family homes completed and occupied, 8 single-family homes completed, not occupied, and unsold, 22 single-family homes in various stages of construction (of which 2 were under contract to homebuyers), and 25 developed lots available for homebuilding. In addition, approximately 3 acres have been developed into a recreational center and approximately 3 acres have been developed as 12 lots (3 of which are completed, unoccupied homes) as the model home park within the District. Park and recreation facilities currently consist of 12 pocket parks, amenity lakes, and walking trails.

The following is a table summarizing the approximate status of construction of single-family detached housing within the District as of June 1, 2019.

	<u>Acreege</u>	<u>Lots</u>	<u>Homes Completed</u>	<u>Homes Under Construction</u>	<u>Vacant Developed Lots</u>
Kingdom Heights					
Section 1	75.30	338	336	-	2
Section 2	17.00	77	77	-	-
Section 3	19.60	71	64	6	1
Section 4	23.30	93	55	16	22
Section 5 (a)	16.40	78	-	-	-
Providence at Kingdom Heights (b)	17.50	90	-	-	-
Subtotal	169.10	747	532	22	25
Commercial	12.80				
Model Home Park	2.90				
Recreation Center	3.00				
Undeveloped but Developable	159.90				
Undevelopable	246.91				
Total	594.61				

(a) Lots currently under construction.

(b) Lots to be constructed, commencing in November 2019.

Approximately 13 acres of commercial reserves in the District (of which approximately 5 acres are currently served by underground trunkline utilities, with no improvements upon them) are located outside the boundaries of the levee serving the District and are shown to be within the 100-year flood plain and will need to be filled prior to commercial development. In addition, the District presently contains approximately 160 acres of developable land which are not provided with underground water, sewer and drainage facilities, all of which acreage is owned by the Developers. According to the Developers, approximately 209 acres of land are planned to be contained in parks, recreation, amenity lakes, drill sites, and open spaces and 40 acres of land are planned to be contained in plant sites, pump station, drainage easements, rights-of-way, and levee easement. See "INVESTMENT CONSIDERATIONS – Future Debt."

Homebuilders within the District

Homebuilding in the District is currently being conducted by Saratoga Homes, Gateway Homes, and K. Hovnanian Homes. Newer homes in the District range in offering prices from approximately \$240,910 to over approximately \$319,950.

Community Facilities

Community facilities are located in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located within a few miles of the District in the City and along US Highway 59. Fire protection for the District is provided by the City's Fire Department. Medical care for District residents is available from hospitals which are within 10 miles of the District. The land within the District is located within the boundaries of Lamar Consolidated Independent School District, and are elementary, junior high and high schools of Lamar Consolidated Independent School District located within two miles of the development in the District.

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DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements of the Remaining Outstanding Bonds and the principal and interest requirements of the Bonds.

Calendar Year	Outstanding Debt Service	Less: Refunded Debt Service	Plus: The Bonds		Total Debt Service
			Principal	Interest	
2020	\$ 352,168	\$ (63,861)	\$ 20,000	\$ 27,473	\$ 335,780
2021	350,555	(108,861)	60,000	36,031	337,725
2022	348,511	(111,893)	65,000	34,231	335,850
2023	346,086	(109,593)	65,000	32,281	333,775
2024	343,211	(112,218)	70,000	30,331	331,325
2025	345,030	(114,536)	70,000	28,231	328,725
2026	341,105	(116,536)	75,000	26,831	326,400
2027	336,930	(113,286)	75,000	25,331	323,975
2028	339,315	(114,971)	75,000	23,738	323,081
2029	336,225	(116,331)	80,000	22,050	321,944
2030	337,644	(117,300)	85,000	19,650	324,994
2031	338,644	(118,000)	85,000	17,100	322,744
2032	338,806	(118,325)	90,000	14,550	325,031
2033	338,531	(118,375)	90,000	11,850	322,006
2034	337,481	(123,150)	100,000	9,150	323,481
2035	335,881	(122,375)	100,000	6,150	319,656
2036	333,831	(121,325)	105,000	3,150	320,656
2037	236,281	-	-	-	236,281
2038	233,781	-	-	-	233,781
2039	156,106	-	-	-	156,106
2040	156,394	-	-	-	156,394
2041	156,500	-	-	-	156,500
2042	156,250	-	-	-	156,250
2043	<u>160,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,813</u>
Total	<u>\$ 7,056,079</u>	<u>\$ (1,920,936)</u>	<u>\$ 1,310,000</u>	<u>\$ 368,130</u>	<u>\$ 6,813,273</u>

Average Annual Debt Service Requirement (2020–2043) \$ 283,886
 Maximum Annual Debt Service Requirement (2021)..... \$ 337,725

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Bonded Indebtedness

2019 Taxable Assessed Valuation.....	\$ 118,292,287	(a)
Direct Debt		
The Remaining Outstanding Bonds	\$ 3,445,000	
The Bonds	<u>\$ 1,310,000</u>	
Total.....	\$ 4,755,000	
Estimated Overlapping Debt	<u>\$ 15,372,123</u>	(b)
Total Direct and Estimated Overlapping Debt	\$ 20,127,123	
Debt Service Fund Balance (as of October 10, 2019).....	\$ 214,017	(c)
General Fund Balance (as of October 10, 2019).....	\$ 522,637	
Capital Projects Fund Balance (as of October 10, 2019)	\$ 33,705	
2019 Tax Rate per \$100 of Taxable Assessed Valuation		
Debt Service	\$ 0.290	
Maintenance.....	<u>\$ 0.260</u>	
Total.....	\$ 0.550	
Direct Debt Ratio:		
As a percentage of 2019 Taxable Assessed Valuation.....	4.02	%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2019 Taxable Assessed Valuation.....	17.01	%
Average Annual Debt Service Requirement (2020–2043)	\$ 283,886	(d)
Maximum Annual Debt Service Requirement (2021).....	\$ 337,725	(d)
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2020–2043) at 95% Tax Collections Based Upon 2019 Taxable Assessed Valuation.....		
	\$ 0.26	
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2021) at 95% Tax Collections Based Upon 2019 Taxable Assessed Valuation.....		
	\$ 0.31	

(a) As certified by the Appraisal District (herein defined). This value includes \$429,672 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the debt service fund.

(d) See "DISTRICT DEBT – Debt Service Requirement Schedule."

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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 information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. 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 presently 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 for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt September 30, 2019	Overlapping	
		Percent	Amount
Fort Bend County	\$ 595,399,740	0.17 %	\$ 988,221
Fort Bend County Municipal Utility District No. 176	6,425,000	100.00	6,425,000
Lamar Consolidated Independent School District	1,039,230,000	0.77	<u>7,958,902</u>
Total Estimated Overlapping Debt			\$ 15,372,123
The District (a)			<u>\$ 4,755,000</u>
Total Direct & Estimated Overlapping Debt (a).....			\$ 20,127,123

(a) Includes the Bonds, less the Refunded Bonds.

Debt Ratios

Direct Debt Ratio:

As a percentage of the 2019 Taxable Assessed Valuation..... 4.02 %

Direct and Estimated Overlapping Debt Ratio:

As a percentage of the 2019 Taxable Assessed Valuation..... 17.01 %

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TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal Districts

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within Fort Bend County, Texas, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or 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 for the full value of the veteran's residence homestead. Furthermore, 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. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death.

and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. See "TAX DATA." The District has never granted a general homestead exemption.

Freeport Goods and Goods-in-Transit 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 2013 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 January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Fort Bend County, Texas, may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the 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. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax

abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, Fort Bend County, Texas, has not designated any part 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 Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by 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 Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast, severely impacting the entire region and resulting in a disaster declaration by the Governor of the State of Texas. See "INVESTMENT CONSIDERATIONS – Severe Weather." When requested by a local taxing unit, such as the District, the Appraisal District 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 prorated for the year the disaster occurred. The taxing units assess taxes prior to the date the disaster occurred based upon market values 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. The District did not request reappraisal after Hurricane Harvey.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District 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 values, appraisals that 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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. 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 in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. 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 continues 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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and 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 Resolution 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 unlimited amount, for operation and maintenance purposes. The Board levied a 2019 tax rate of \$0.26 per \$100 of assessed valuation for operation and maintenance purposes and a tax rate of \$0.29 per \$100 of assessed valuation for debt service purposes.

Tax Rate Limit

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.50 per \$100 of assessed valuation.

Debt Service Tax

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

In the Bond Resolution, the debt service fund is confirmed, and the proceeds from all taxes levied, appraised and collected for payment of the Bonds authorized by the Bond Resolution shall be deposited, as collected.

Maintenance 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 November 6, 2007, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. The District levied a 2019 maintenance tax for 2019 tax rate of \$0.26 per \$100 of assessed valuation for operation and maintenance purposes. 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 Exemption

As discussed in the section titled "TAX 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.

The Developers have executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 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.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet certain debt service requirements on the Remaining Outstanding Bonds and the Bonds if no growth in the District’s tax base occurs beyond the 2019 taxable assessed valuation (\$118,292,287). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, and the refunding of the Refunded Bonds.

Average Annual Debt Service Requirement (2020–2043)	\$ 283,886
Tax Rate of \$0.26 on the 2019 Taxable Assessed Valuation produces	\$ 292,182
Maximum Annual Debt Service Requirement (2021).....	\$ 337,725
Tax Rate of \$0.31 on the 2019 Taxable Assessed Valuation produces	\$ 348,371

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 parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see “DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2018 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>Fort Bend County 2018 Tax Rates</u>
The District	\$ 0.550000 (a)
Fort Bend County	0.445000
Fort Bend County Municipal Utility District No. 176	0.550000
Fort Bend County Drainage District	0.019000
Lamar Consolidated Independent School District	<u>1.390000</u>
Total	\$ 2.954000

(a) Represents the District’s 2019 tax rate.

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Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Current Year Ended 9/30	Collections 09/30/2019
2014	\$ 58,764,890	\$ 0.550	\$ 323,207	2015	100.00 %
2015	69,946,971	0.550	384,708	2016	100.00
2016	85,133,830	0.550	468,236	2017	100.00
2017	98,858,145	0.550	543,720	2018	100.00
2018	108,612,572	0.550	597,369	2019	99.94
2019	118,292,287 (b)	0.550	650,608	2020	(c)

(a) See "Tax Rate Distribution" below

(b) This value includes \$429,672 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District.

(c) Collections not yet in progress.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	\$0.290	\$0.310	\$0.230	\$0.230	\$0.270
Maintenance and Operations	<u>\$0.260</u>	<u>\$0.240</u>	<u>\$0.320</u>	<u>\$0.320</u>	<u>\$0.280</u>
Total	\$0.550	\$0.550	\$0.550	\$0.550	\$0.550

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2015–2019 tax rolls as certified by the Appraisal Districts.

Type of Property	2019 Taxable Assessed Valuation (a)	2018 Taxable Assessed Valuation	2017 Taxable Assessed Valuation	2016 Taxable Assessed Valuation	2015 Taxable Assessed Valuation
Land	\$ 26,464,180	\$ 24,637,810	\$ 21,713,960	\$ 19,388,760	\$ 18,825,070
Improvements	93,103,130	85,381,540	78,325,150	66,959,520	52,089,550
Personal Property	662,887	572,550	425,840	427,710	460,350
Exemptions	<u>(2,367,582)</u>	<u>(1,979,328)</u>	<u>(1,606,805)</u>	<u>(1,642,160)</u>	<u>(1,427,999)</u>
Total	\$ 117,862,615	\$ 108,612,572	\$ 98,858,145	\$ 85,133,830	\$ 69,946,971

(a) These value does not include \$429,672 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District.

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Principal Taxpayers

The following are the principal taxpayers in the District as shown on the certified appraisal rolls for the 2019 tax year.

Taxpayer	Types of Property	Taxable Valuation 2019 Tax Roll
572-Three Ltd. (a)	Land & Improvements	\$ 2,709,620
Saratoga Homes of Texas Houston LLC	Land, Improvements & Personal Prop.	702,520
Homeowner	Land & Improvements	606,480
K. Hovanian of Houston II LLC	Land & Improvements	504,600
Rausch Coleman Homes Houston LLC	Land, Improvements & Personal Prop.	475,600
Homeowner	Land & Improvements	430,550
Romeo Homes Texas LLC	Land & Improvements	402,170
AMH 2014-3 Borrower LLC	Land & Improvements	402,000
Centerpoint Energy Electric	Personal Property	381,470
Homeowner	Land & Improvements	300,290
Total		\$ 6,915,300
Percentage of District Value		5.85 %

(a) See "THE DEVELOPERS."

THE SYSTEM

Regulation

According to the Engineer, the Levee System constructed by the District has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and Fort Bend County, Texas. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ.

Description of the System

– Water and Sanitary Sewer Facilities –

Source of Water Supply: The property in the District is served with water production and distribution and sewer treatment and collection capacities by Royal Valley, who holds CCN Numbers 12922 and 20870. The District is coterminous with MUD 176. Neither the District nor MUD 176 owns or operates any water or sewer facilities nor does neither receive any water or sewer revenue. MUD 176 has a contract with Royal Valley that entitles the property owners within MUD 176 to receive water and sewer service. MUD 176 entered into a Water and Wastewater Services Agreement with Royal Valley dated October 23, 2009. Royal Valley has agreed to plan, furnish, bill, collect, maintain, and operate all production, treatment, storage, transmission and distribution facilities of sufficient size and capacity to provide continued and adequate supply of water for all reasonable consumer uses. The District, or MUD 176, has no obligation to construct, finance or maintain any water facilities in the District.

According to the Royal Valley's engineer, WaterEngineers, Inc., Royal Valley's water plant facilities which serve the District consists of 670 gallons per minute ("gpm") of well capacity, 125,000 gallons of ground storage tank capacity, booster pumps totaling 1,600 gpm capacity, 18,000 gallons of hydropneumatic storage tank capacity. According to the CCN, the District has the right to use capacity from Royal Valley. The District does not have an emergency water interconnect, but can be provided with power during emergency situations by a 150 kW generator and transfer switch. Royal Valley has water supply capacity to serve approximately 625 equivalent single-family connections with the addition of the 10,000 gallon pressure tank. Royal Valley served approximately 554 single-family homes constructed or under construction in the District as of June 1, 2019.

Source of Wastewater Treatment: The TCEQ has granted Royal Valley, pursuant to a CCN, the exclusive right to provide wastewater treatment services to property within the District. Pursuant to its Water and Wastewater

Services Agreement with Royal Valley, Royal Valley is obligated to plan, furnish, maintain and operate all treatment and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. The District has no obligation to construct, finance or maintain any sewer facilities to serve property in the District.

According to the Royal Valley's engineer, Royal Valley's wastewater treatment plant has a capacity of 135,000 gallons per day ("GPD"), which is capable of serving approximately 675 equivalent single-family connections based upon 200 GPD/equivalent single-family connection. Royal Valley plans to expand the plant as development occurs in Kingdom Heights. Additional wastewater treatment capacity will be required for full development of the District. Royal Valley served approximately 554 single-family homes constructed or under construction in the District as of June 1, 2019.

- Drainage Facilities -

The Developers are advancing funds on behalf of MUD 176 to finance the construction of drainage facilities to serve the Kingdom Heights development within MUD 176. According to the Engineer, the District's storm drainage facilities (the "Drainage Facilities") have been designed in accordance with accepted engineering practices and the then-current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the Drainage Facilities was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the City, Fort Bend County and, in some instances, the TCEQ.

Flood Protection

Due to the impending change in the Fort Bend County FEMA floodplain maps, the Developers financed the construction of an earthen levee, storm water pump station and other improvements to remove all developable land in the District from the proposed 100-year floodplain. The levee, storm water pump station, and other appurtenances are complete and operational and according to the Federal Emergency Management Association's effective Flood Insurance Rate Maps, approximately 71 acres of the remaining 160 acres of developable land in the District remain within the floodplain inside the levee and will be filled by the Developers prior to development.

Flooding Due to Levee Breach or Overtopping: The Levee System has been designed and constructed to all current standards. However, the levee system does not protect against all flooding scenarios. There are three instances in which flooding could occur in the District: (1) an overtopping of the levee, (2) a failure or breach of the Levee System, or (3) localized rainfall in excess of the 100-year event. An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The "100-year event" means the river elevation has a statistical 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three feet above the levee of a 100-year event. According to the District's Hydrologist, Burton Johnson Engineering, overtopping of the Levee System may occur from river events with a recurrence interval of less than 0.036% based on the effective FEMA models for the Brazos River in Fort Bend County. In addition to the risk of overtopping, a portion of the District would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at flood state of less than the 100-year event. In order to mitigate the risk, the District performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need of repair.

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Historical Operations of the System

The following is a summary of the District's Operating Fund for the last five years. The figures for the fiscal years ended March 31, 2015, through March 31, 2019, were obtained from the District's audited financial statements, reference to which is hereby made, and for the fiscal year ended March 31, 2019, such audited financial statements are attached hereto as "APPENDIX A." The District is required by statute to have a certified public accountant audit its financial statements annually, which audited financial statements are required to be filed with the TCEQ.

	Fiscal Year Ended				
	2019	2018	2017	2016	2015
REVENUES					
Property Taxes	\$ 263,976	\$ 314,103	\$ 272,404	\$ 186,480	\$ 140,219
FEMA Grants	64,720	-	-	-	-
Miscellaneous	-	26,351	-	-	-
Interest Earnings	9,855	3,137	904	315	105
TOTAL REVENUES	\$ 338,551	\$ 343,591	\$ 273,308	\$ 186,795	\$ 140,324
EXPENDITURES					
Professional Fees	\$ 78,568	\$ 47,083	\$ 52,673	\$ 59,002	\$ 54,012
Contracted Services	51,812	37,294	32,400	19,200	7,750
Repairs and Maintenance	45,149	104,934	86,082	74,051	58,888
Utilities	6,240	7,765	1,394	7,010	1,668
Administrative	15,604	9,425	5,019	7,887	8,455
Other	797	359	2,550	-	-
TOTAL EXPENDITURES	\$ 198,170	\$ 206,860	\$ 180,118	\$ 167,150	\$ 130,773
Excess Revenues (Expenditures)	\$ 140,381	\$ 136,731	\$ 93,190	\$ 19,645	\$ 9,551
OTHER ITEM					
Insurance Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 12,050
Net Change in Fund Balance	\$ 140,381	\$ 136,731	\$ 93,190	\$ 19,645	\$ 21,601
Balance, Beginning of Year	<u>\$ 475,499</u>	<u>\$ 338,768</u>	<u>\$ 245,578</u>	<u>\$ 225,933</u>	<u>\$ 204,332</u>
Balance, End of Year	<u>\$ 615,880</u>	<u>\$ 475,499</u>	<u>\$ 338,768</u>	<u>\$ 245,578</u>	<u>\$ 225,933</u>

INVESTMENT CONSIDERATIONS

General

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

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 City of Houston, Texas, 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 “THE DEVELOPERS – Status of Development within the District.”

Location and Access: The District is located approximately 28 miles southwest of the downtown of the City of Houston, Texas. The District is located approximately 8 miles north of U.S. Highway 59 and Highway 36 and 10 miles west of the Grand Parkway. Many of the single-family developments with which the District competes have been significantly developed and levy lower tax rates. As a result, particularly during times of increased competition, the Developers and homebuilders within the District may be at a competitive disadvantage to the developers and homebuilders in other single-family projects located closer to major urban centers or more mature developments. See “THE DISTRICT” and “THE DEVELOPERS – Status of Development within the District.”

Principal Landowners’ Obligations to the District: The Developers are currently the largest principal taxpayer in the District. As reflected in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” the District’s ten principal taxpayers in 2019 owned property located in the District, the aggregate assessed valuation of which comprised of approximately 5.85% of the District’s taxable assessed valuation. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The Board levied a 2019 tax rate of \$0.29 per \$100 of assessed valuation for debt service purposes.

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 neighborhoods closer to the City of Houston, Texas, that are for sale. Such existing developments could represent additional competition for new development and homebuilding proposed to be constructed within the District.

The competitive position of the Developers in the sale of land and the sale 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 Developers will be implemented or, if implemented, will be successful.

Developer Under No Obligation to the District: The Developers have informed the District of its current plans to continue to develop land in the District for residential purposes and commercial purposes. The Developers have no current plans to sell its land within the District to other developers. However, the Developers are not obligated to implement such plan on any particular schedule or continue to implement such plan at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developers’ right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developers. Failure to construct taxable improvements on developed lots and tracts and failure of the Developers to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers (see “TAX DATA – Principal Taxpayers”) for the timely payment of ad valorem taxes, and

the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such conditions may have on its ability to pay taxes. See “THE DEVELOPER.”

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 2019 taxable assessed valuation of the District is \$118,292,287. See “TAX DATA.” After issuance of the Bonds, the maximum annual debt service requirement of the Remaining Outstanding Bonds and the Bonds will be \$337,725 (2021) and the average annual debt service requirement of the Remaining Outstanding Bonds and the Bonds will be \$283,886 (2020 through 2043). Assuming no increase or decrease from the 2019 taxable assessed valuation and no use of funds on hand, tax rates of \$0.31 and \$0.26 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See “DISTRICT DEBT – Debt Service Requirement Schedule” and “TAX DATA – Tax Rate Calculations.”

Overlapping Taxes

The land within the District is also located within MUD 176. The debt service on bonds to be issued by MUD 176 is paid from ad valorem taxes levied by MUD 176, which taxes are in addition to the taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with property located in other real estate developments, the tax rate of the District, MUD 176 and other taxing jurisdictions must be combined. MUD 176 has previously issued \$9,135,000 of unlimited tax bonds, payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 176’s boundaries to reimburse the Developers. As of October 1, 2019, \$6,425,000 of such bonds remains outstanding. MUD 176 plans to issue additional bonds to reimburse the Developers for the costs of MUD 176 facilities currently constructed as well as facilities to be constructed in the future. MUD 176 set a 2019 tax rate of \$0.55 per \$100 of taxable assessed valuation. See “DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement.”

Dependence on Royal Valley Utilities, Inc.

Royal Valley holds CCN for the property in the District that gives it the exclusive right to serve the area within the District with water and sanitary sewer service. The District does not own or operate the water or sewer system. The District’s future growth is dependent upon Royal Valley’s ability to operate the water and sewer system and to expand the water and sewer system to meet additional demands from growth in the District. Additionally, the Developers have a majority ownership interest in Royal Valley. Future growth in the District would be adversely impacted if Royal Valley was unable to fulfill its contracted obligations to the District.

Hurricane Harvey

The area included in and surrounding the City of Houston, Texas, including the District, sustained widespread damage as a result of Hurricane Harvey’s landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the Developers and the Engineer, Hurricane Harvey caused no damage to the water distribution, wastewater collection and drainage facilities serving the District, although such facilities were turned off temporarily during the mandatory evacuation of the District during the storm. Further, to the best knowledge of the Developers and the Engineer, although streets in the District experienced widespread flooding, there were no homes in the District that experienced structural flooding or other material 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.

As a result of the damages caused by Hurricane Harvey, a number of Texas counties, including Fort Bend County, Texas, were declared disaster areas by the Governor of the State of Texas. When requested by a local taxing unit, such as the District, appraisal districts are required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. The District does not intend to request a reappraisal. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

Specific Flood Type Risks

Ponding (or Pluvial) Flood

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

Riverine (or Fluvial) Flood

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

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 a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within two (2) years for residential and agricultural property and six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale.

Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

The District cannot be placed into bankruptcy involuntarily.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a 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 Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the

Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS – Registered Owners' Remedies."

Future Debt

The Bonds constitute the fourth series of bonds issued by the District out of an aggregate of \$50,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Levee System and for refunding purposes. Following the sale of the Bonds, the District will have \$44,705,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Levee System and for refunding purposes remaining authorized but unissued.

The District may issue additional bonds, which may be voted hereafter. The District anticipates selling additional bonds in the future. The District may also issue additional refunding bonds. See "THE BONDS – Issuance of Additional Debt." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of Directors of the District and any bonds issued to acquire or construct drainage facilities must be approved by the TCEQ.

The Developers have financed or is financing the engineering, acquisition and construction costs of the Levee System. At the end of the District's fiscal year ended March 31, 2019, the Developers had expended approximately \$341,481 for the engineering, acquisition and construction costs of the Levee System not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the TCEQ. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

Environmental and Air Quality Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA")

Amendments of 1990, the eight-county Houston-Galveston-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.

Marketability of the Bonds

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds that are more generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

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 issuer which is recovered by the issuer 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 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 claims 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.

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 nor Underwriter has 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.

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.

LEGAL MATTERS

Legal Opinions

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 income 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 BONDS (except for information under the subheading "- Book-Entry-Only System"), "PLAN OF FINANCING," "THE DISTRICT," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP, also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

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

TAX MATTERS

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.

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 Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor, and the Underwriter, with respect to matters solely within the knowledge of the District, the District's Financial Advisor, and the Underwriter, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report of the Verification Agent, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or reports 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 taxpayers 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 thereof. 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 or not 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 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 a 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 Underwriter has 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 inside cover 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.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution’s investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for “qualified tax-exempt obligations,” which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as “qualified tax-exempt obligations” and

(b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as “qualified tax-exempt obligations” and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2019 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2019.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the District relating to (a) computation of the adequacy of the amounts and certain available funds (if any) to pay, when due, the principal or redemption price of and interest on the Refunded Bonds and (b) the computation of the yields on the Bonds. The computations were independently verified by the Verification Agent, based upon certain assumptions and information supplied by the Financial Advisor on behalf of the District, and the District. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule (herein defined) (d)(2) exemption from the Rule (b)(5) regarding the District’s continuing disclosure obligations because the District has not issued more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Resolution, the District has made 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 events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB.

The financial information and operating data which will be provided with respect to the District is found in the APPENDIX A (Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2020. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District’s current fiscal year end is March 31. Accordingly, it must provide updated information by September 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide

notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, 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, 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, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although 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 Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so

amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

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

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Experts

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

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the section captioned "TAX DATA" was provided by the Tax Assessor/Collector. Such information has been included herein in reliance upon their authority as an expert in the field of tax assessing and collecting.

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.

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 Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District in writing 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.

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 Levee Improvement District No. 20, as of the date shown on the cover of this Official Statement.

/s/ Jared Biermann
President, Board of Directors
Fort Bend County Levee Improvement District No. 20

ATTEST:

/s/ Joseph Sheets
Secretary, Board of Directors
Fort Bend County Levee Improvement District No. 20

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APPENDIX A
Financial Statements of the District

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 20**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2019

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McGRATH & CO., PLLC

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

Independent Auditors' Report

Board of Directors
Fort Bend County Levee Improvement District No. 20
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 20, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

***Board of Directors
Fort Bend County Levee Improvement District No. 20
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 each major fund of Fort Bend County Levee Improvement District No. 20, as of March 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

W. G. Smith & Co., P.C.

Houston, Texas
July 25, 2019

Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 20 (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 March 31, 2019. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019**

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

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

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

Financial Analysis of the District as a Whole

The District's net position at March 31, 2019, was negative \$677,664. A comparative summary of the District's overall financial position, as of March 31, 2019 and 2018, is as follows:

	2019	2018
Current and other assets	\$ 1,158,026	\$ 870,609
Capital assets	3,301,872	3,200,638
Total assets	<u>4,459,898</u>	<u>4,071,247</u>
Current liabilities	186,849	116,330
Long-term liabilities	4,950,713	4,258,209
Total liabilities	<u>5,137,562</u>	<u>4,374,539</u>
Net position		
Net investment in capital assets	(1,753,822)	(1,128,079)
Restricted	457,347	343,038
Unrestricted	618,811	481,749
Total net position	<u>\$ (677,664)</u>	<u>\$ (303,292)</u>

Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019

The total net position of the District decreased during the current fiscal year by \$374,372. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2019	2018
Revenues		
Property taxes, penalties and interest	\$ 599,014	\$ 544,520
Other	82,038	32,360
Total revenues	<u>681,052</u>	<u>576,880</u>
Expenses		
Operating and administrative	267,532	222,354
Debt interest and fees	175,372	115,172
Developer interest	321,784	
Debt issuance costs	223,641	
Depreciation	67,095	61,273
Total expenses	<u>1,055,424</u>	<u>398,799</u>
Change in net position	(374,372)	178,081
Net position, beginning of year	(303,292)	(481,373)
Net position, end of year	<u>\$ (677,664)</u>	<u>\$ (303,292)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2019, were \$1,121,356, which consists of \$615,880 in the General Fund, \$470,457 in the Debt Service Fund, and \$35,019 in the Capital Projects Fund.

General Fund

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

	2019	2018
Total assets	<u>\$ 646,110</u>	<u>\$ 498,151</u>
Total liabilities	\$ 27,299	\$ 16,402
Total deferred inflows	2,931	6,250
Total fund balance	615,880	475,499
Total liabilities, deferred inflows and fund balance	<u>\$ 646,110</u>	<u>\$ 498,151</u>

***Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019***

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

	<u>2019</u>	<u>2018</u>
Total revenues	\$ 338,551	\$ 343,591
Total expenditures	<u>(198,170)</u>	<u>(206,860)</u>
Revenues over expenditures	<u>\$ 140,381</u>	<u>\$ 136,731</u>

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, which are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

Debt Service Fund

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

	<u>2019</u>	<u>2018</u>
Total assets	<u>\$ 474,720</u>	<u>\$ 352,966</u>
Total liabilities	\$ 477	\$ 148
Total deferred inflows	3,786	4,492
Total fund balance	<u>470,457</u>	<u>348,326</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 474,720</u>	<u>\$ 352,966</u>

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

	<u>2019</u>	<u>2018</u>
Total revenues	\$ 345,450	\$ 229,671
Total expenditures	<u>(271,116)</u>	<u>(211,252)</u>
Revenues over expenditures	74,334	18,419
Other changes in fund balance	47,797	
Net change in fund balance	<u>\$ 122,131</u>	<u>\$ 18,419</u>

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

Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019

Capital Projects Fund

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

	2019	2018
Total assets	<u>\$ 37,196</u>	<u>\$ 19,492</u>
Total liabilities	\$ 2,177	\$ -
Total fund balance	<u>35,019</u>	<u>19,492</u>
Total liabilities and fund balance	<u>\$ 37,196</u>	<u>\$ 19,492</u>

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

	2019	2018
Total revenues	\$ 1,076	\$ 573
Total expenditures	<u>(2,387,752)</u>	<u>(1,759)</u>
Revenues under expenditures	<u>(2,386,676)</u>	<u>(1,186)</u>
Other changes in fund balance	2,402,203	
Net change in fund balance	<u>\$ 15,527</u>	<u>\$ (1,186)</u>

The District has had considerable capital asset activity in the current year, which was financed with proceeds from the issuance of its Series 2018 Unlimited Tax Bonds. The District did not have any significant capital asset activity in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$8,063 less than budgeted. The *Budgetary Comparison Schedule* on page 30 of this report provides variance information per financial statement line item.

Capital Assets

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

**Fort Bend County Levee Improvement District No. 20
Management's Discussion and Analysis
March 31, 2019**

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

	<u>2019</u>	<u>2018</u>
Capital assets not being depreciated		
Land and improvements	\$ 1,390,145	\$ 1,386,491
Capital assets being depreciated		
Infrastructure	2,458,486	2,293,811
Less accumulated depreciation	(546,759)	(479,664)
Depreciable capital assets, net	<u>1,911,727</u>	<u>1,814,147</u>
Capital assets, net	<u>\$ 3,301,872</u>	<u>\$ 3,200,638</u>

Long-Term Debt and Related Liabilities

As of March 31, 2019, the District owes \$341,481 to the developer for completed projects. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds.

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

<u>Series</u>	<u>2019</u>	<u>2018</u>
2011	\$ 1,300,000	\$ 1,340,000
2014	1,050,000	1,100,000
2018	2,450,000	
	<u>\$ 4,800,000</u>	<u>\$ 2,440,000</u>

During the current year, the District issued \$2,450,000 in unlimited tax bonds. At March 31, 2019, the District had \$44,800,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving flood control and drainage facilities within the District.

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 the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2019 Actual</u>	<u>2020 Budget</u>
Total revenues	\$ 338,551	\$ 266,834
Total expenditures	(198,170)	(223,765)
Revenues over expenditures	140,381	43,069
Beginning fund balance	475,499	615,880
Ending fund balance	<u>\$ 615,880</u>	<u>\$ 658,949</u>

Basic Financial Statements

Fort Bend County Levee Improvement District No. 20
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 11,723	\$ 45,652	\$ 19,436	\$ 76,811	\$ -	\$ 76,811
Investments	623,872	427,536	17,760	1,069,168		1,069,168
Taxes receivable	2,931	3,786		6,717		6,717
Internal balances	2,254	(2,254)				
Prepaid items	5,330			5,330		5,330
Capital assets not being depreciated					1,390,145	1,390,145
Capital assets, net					1,911,727	1,911,727
Total Assets	\$ 646,110	\$ 474,720	\$ 37,196	\$ 1,158,026	3,301,872	4,459,898
Liabilities						
Accounts payable	\$ 27,299	\$ -	\$ 2,177	\$ 29,476		29,476
Other payables		477		477		477
Accrued interest payable					16,896	16,896
Due to developer					341,481	341,481
Long-term debt						
Due within one year					140,000	140,000
Due after one year					4,609,232	4,609,232
Total Liabilities	27,299	477	2,177	29,953	5,107,609	5,137,562
Deferred Inflows of Resources						
Deferred property taxes	2,931	3,786		6,717	(6,717)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	5,330			5,330	(5,330)	
Restricted		470,457	35,019	505,476	(505,476)	
Unassigned	610,550			610,550	(610,550)	
Total Fund Balances	615,880	470,457	35,019	1,121,356	(1,121,356)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 646,110	\$ 474,720	\$ 37,196	\$ 1,158,026		
Net Position						
Net investment in capital assets					(1,753,822)	(1,753,822)
Restricted for debt service					457,347	457,347
Unrestricted					618,811	618,811
Total Net Position					\$ (677,664)	\$ (677,664)

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 20

*Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2019*

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 263,976	\$ 337,389	\$ -	\$ 601,365	\$ (4,025)	\$ 597,340
Penalties and interest		1,674		1,674		1,674
FEMA grants	64,720			64,720		64,720
Investment earnings	9,855	6,387	1,076	17,318		17,318
Total Revenues	338,551	345,450	1,076	685,077	(4,025)	681,052
Expenditures/Expenses						
Operating and administrative						
Professional fees	78,568		53,808	132,376		132,376
Contracted services	51,812	13,390		65,202		65,202
Repairs and maintenance	45,149			45,149		45,149
Utilities	6,240			6,240		6,240
Administrative	15,604	1,564		17,168		17,168
Other	797	560	40	1,397		1,397
Capital outlay			1,788,479	1,788,479	(1,788,479)	
Debt service						
Principal		90,000		90,000	(90,000)	
Interest and fees		165,602		165,602	9,770	175,372
Developer interest			321,784	321,784		321,784
Debt issuance costs			223,641	223,641		223,641
Depreciation					67,095	67,095
Total Expenditures/Expenses	198,170	271,116	2,387,752	2,857,038	(1,801,614)	1,055,424
Revenues Over/(Under)						
Expenditures	140,381	74,334	(2,386,676)	(2,171,961)	2,171,961	
Other Financing Sources						
Proceeds from sale of bonds		47,797	2,402,203	2,450,000	(2,450,000)	
Net Change in Fund Balances	140,381	122,131	15,527	278,039	(278,039)	
Change in Net Position						
Fund Balances/Net Position						
Beginning of the year	475,499	348,326	19,492	843,317	(1,146,609)	(303,292)
End of the year	\$ 615,880	\$ 470,457	\$ 35,019	\$ 1,121,356	\$ (1,799,020)	\$ (677,664)

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 20 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Commissioner’s Court of Fort Bend County, Texas dated August 28, 2007, and operates in accordance with the Texas Constitution, Article XVI, Section 59, and the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on September 5, 2007 and the first bonds were sold on July 7, 2011.

The District’s primary activities include construction, maintenance and operation of a levee system for flood control and drainage purposes. 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 a three-member Board of Directors appointed by the Fort Bend County Commissioners Court. The Governmental Accounting Standards Board (GASB) has established the criteria for determining whether an entity is a primary government, a component unit of a primary government or a related organization. To qualify as a primary government, a government must have a separately elected governing body, be legally separate and be fiscally independent of other governments. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Since the District does not have an elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit’s governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While the County appoints the Directors of the District, it has no further financial accountability for the District. Under GASB’s criteria, the District is a related organization, not a component unit, of the County for financial reporting purposes. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

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 March 31, 2019, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Depreciable capital assets, which primarily consist of drainage facilities, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Drainage	20-40 years

The District's levee system is considered an improvement to land and is non-depreciable.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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.

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds \$ 1,121,356

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 3,848,631	
Less accumulated depreciation	<u>(546,759)</u>	
Change due to capital assets		3,301,872

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:

Bonds payable, net	(4,749,232)	
Interest payable on bonds	<u>(16,896)</u>	
Change due to long-term debt		(4,766,128)

Amounts due to the District's developer for prefunded construction are recorded as a liability in the *Statement of Net Position*. (341,481)

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. 6,717

Total net position - governmental activities	\$ (677,664)
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Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

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

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

Net change in fund balances - total governmental funds	\$ 278,039
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.	(4,025)
Capital outlays for developer reimbursements are recorded as expenditures in the fund, but reduce the liability for due to developer in the <i>Statement of Net Position</i> .	1,788,479
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.	
Issuance of long term debt	\$ (2,450,000)
Principal payments	90,000
Interest expense accrual	(9,770)
	<u>(2,369,770)</u>
In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation expense over the estimated useful life of the asset.	(67,095)
Change in net position of governmental activities	<u><u>\$ (374,372)</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.

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 3 – Deposits and Investments (continued)

Investments

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

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 623,872		
	Debt Service	427,536		
	Capital Projects	17,760		
Total		<u>\$ 1,069,168</u>	AAAm	27 days

TexPool

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

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 3 – Deposits and Investments (continued)

TexPool (continued)

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 2,254	Maintenance tax collections not remitted as of year end.

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

Note 5 – Capital Assets

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

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Ending Balances</u>
Capital assets not being depreciated			
Land and improvements	\$ 1,386,491	\$ 3,654	\$ 1,390,145
Capital assets being depreciated			
Infrastructure	2,293,811	164,675	2,458,486
Less accumulated depreciation	(479,664)	(67,095)	(546,759)
Subtotal depreciable capital assets, net	1,814,147	97,580	1,911,727
Capital assets, net	\$ 3,200,638	\$ 101,234	\$ 3,301,872

Depreciation expense for the current year was \$67,095.

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 6 – Due to Developer

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

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

Due to developer, beginning of year	\$ 1,961,631
Adjustment of amounts due to developer	168,329
Amounts paid to developers	<u>(1,788,479)</u>
Due to developer, end of year	<u>\$ 341,481</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 4,800,000
Unamortized discounts	<u>(50,768)</u>
	<u>\$ 4,749,232</u>
 Due within one year	 <u>\$ 140,000</u>

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/Ending	Interest Payment Dates	Call Dates
2011	\$ 1,300,000	\$ 1,500,000	3.75% - 5.50%	September 1, 2013/2036	September 1, March 1	September 1, 2018
2014	1,050,000	1,250,000	2.40% - 4.40%	September 1, 2015/2038	September 1, March 1	September 1, 2022
2018	2,450,000	2,450,000	3.00% - 5.50%	September 1, 2019/2043	September 1, March 1	September 1, 2023
	<u>\$ 4,800,000</u>					

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 7 – Long-Term Debt (continued)

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

At March 31, 2019, the District had authorized but unissued bonds in the amount of \$44,800,000 for acquiring, constructing and improving flood control and drainage facilities within the District.

On July 31, 2018, the District issued its \$2,450,000 Series 2018 Unlimited Tax Levee Improvement Bonds at a net effective interest rate of 3.859401%. Proceeds of the bonds were used to reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$	2,440,000
Bonds issued		2,450,000
Bonds retired		(90,000)
Bonds payable, end of year	\$	<u>4,800,000</u>

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 7 – Long-Term Debt (continued)

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

Year	Principal	Interest	Totals
2020	\$ 140,000	\$ 199,963	\$ 339,963
2021	155,000	193,862	348,862
2022	160,000	187,033	347,033
2023	165,000	179,799	344,799
2024	170,000	172,149	342,149
2025	175,000	164,121	339,121
2026	185,000	155,567	340,567
2027	190,000	146,517	336,517
2028	195,000	138,123	333,123
2029	205,000	130,270	335,270
2030	210,000	121,935	331,935
2031	220,000	113,144	333,144
2032	230,000	103,725	333,725
2033	240,000	93,669	333,669
2034	250,000	83,006	333,006
2035	260,000	71,681	331,681
2036	270,000	59,856	329,856
2037	280,000	47,557	327,557
2038	195,000	37,531	232,531
2039	200,000	29,944	229,944
2040	130,000	23,750	153,750
2041	135,000	18,947	153,947
2042	140,000	13,875	153,875
2043	145,000	8,531	153,531
2044	155,000	2,906	157,906
	\$ 4,800,000	\$ 2,497,460	\$ 7,297,460

Note 8 – Property Taxes

On November 6, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Fort Bend County Levee Improvement District No. 20
Notes to Basic Financial Statements
March 31, 2019

Note 8 – Property Taxes (continued)

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 2019 fiscal year was financed through the 2018 tax levy, pursuant to which the District levied property taxes of \$0.55 per \$100 of assessed value, of which \$0.24 was allocated to maintenance and operations and \$0.31 was allocated to debt service. The resulting tax levy was \$597,369 on the adjusted taxable value of \$108,612,572.

Note 9 – 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.

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Required Supplementary Information

*Fort Bend County Levee Improvement District No. 20
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended March 31, 2019*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 311,639	\$ 263,976	\$ (47,663)
FEMA grants		64,720	64,720
Investment earnings	2,815	9,855	7,040
Total Revenues	314,454	338,551	24,097
Expenditures			
Operating and administrative			
Professional fees	58,500	78,568	(20,068)
Contracted services	38,000	51,812	(13,812)
Repairs and maintenance	48,525	45,149	3,376
Utilities	10,500	6,240	4,260
Administrative	10,220	15,604	(5,384)
Other	265	797	(532)
Total Expenditures	166,010	198,170	(32,160)
Revenues Over Expenditures	148,444	140,381	(8,063)
Fund Balance			
Beginning of the year	475,499	475,499	
End of the year	\$ 623,943	\$ 615,880	\$ (8,063)

Fort Bend County Levee Improvement District No. 20
Notes to Required Supplementary Information
March 31, 2019

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Fort Bend County Levee Improvement District No. 20

TSI-1. Services and Rates

March 31, 2019

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

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

2. Retail Service Providers N/A

(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:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

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"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

*Fort Bend County Levee Improvement District No. 20
TSI-2 General Fund Expenditures
For the Year Ended March 31, 2019*

Professional fees		
Legal	\$	46,074
Audit		8,000
Engineering		24,494
		<u>78,568</u>
Contracted services		
Bookkeeping		17,119
Operator		34,693
		<u>51,812</u>
Repairs and maintenance		<u>45,149</u>
Utilities		<u>6,240</u>
Administrative		
Directors' fees		3,150
Printing and office supplies		751
Insurance		6,077
Other		5,626
		<u>15,604</u>
Other		<u>797</u>
Total expenditures	\$	<u><u>198,170</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	30,336 kWh's	\$ 6,240
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-3. Investments
March 31, 2019

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General				
TexPool	XXXXXX	Variable	N/A	\$ 623,872
Debt Service				
TexPool	XXXXXX	Variable	N/A	427,536
Capital Projects				
TexPool	XXXXXX	Variable	N/A	<u>17,760</u>
Total - All Funds				<u>\$ 1,069,168</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-4. Taxes Levied and Receivable
March 31, 2019

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 6,250	\$ 4,492	\$ 10,742	
Adjustments	(13)	(16)	(29)	
Adjusted Receivable	<u>6,237</u>	<u>4,476</u>	<u>10,713</u>	
2018 Original Tax Levy	260,939	337,047	597,986	
Adjustments	(269)	(348)	(617)	
Adjusted Tax Levy	<u>260,670</u>	<u>336,699</u>	<u>597,369</u>	
Total to be accounted for	<u>266,907</u>	<u>341,175</u>	<u>608,082</u>	
Tax collections:				
Current year	257,739	332,913	590,652	
Prior years	6,237	4,476	10,713	
Total Collections	<u>263,976</u>	<u>337,389</u>	<u>601,365</u>	
Taxes Receivable, End of Year	<u>\$ 2,931</u>	<u>\$ 3,786</u>	<u>\$ 6,717</u>	
Taxes Receivable, By Years				
2018	<u>\$ 2,931</u>	<u>\$ 3,786</u>	<u>\$ 6,717</u>	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Property Valuations:				
Land	\$ 24,637,810	\$ 21,713,960	\$ 19,388,760	\$ 18,825,070
Improvements	85,381,540	78,328,280	67,470,090	53,978,220
Personal Property	572,550	425,840	427,710	460,350
Exemptions	<u>(1,979,328)</u>	<u>(1,609,935)</u>	<u>(2,152,730)</u>	<u>(3,316,669)</u>
Total Property Valuations	<u>\$ 108,612,572</u>	<u>\$ 98,858,145</u>	<u>\$ 85,133,830</u>	<u>\$ 69,946,971</u>
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.24	\$ 0.32	\$ 0.32	\$ 0.27
Debt service tax rates	0.31	0.23	0.23	0.28
	<u>\$ 0.55</u>	<u>\$ 0.55</u>	<u>\$ 0.55</u>	<u>\$ 0.55</u>
Adjusted Tax Levy:	<u>\$ 597,369</u>	<u>\$ 543,720</u>	<u>\$ 468,236</u>	<u>\$ 384,708</u>
Percentage of Taxes Collected to Taxes Levied **	<u>98.88%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 6, 2007

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

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-5. Long-Term Debt Service Requirements
Series 2011--by Years
March 31, 2019

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2020	\$ 40,000	\$ 66,594	\$ 106,594
2021	45,000	64,818	109,818
2022	45,000	62,877	107,877
2023	50,000	60,743	110,743
2024	50,000	58,405	108,405
2025	55,000	55,877	110,877
2026	60,000	53,036	113,036
2027	65,000	49,911	114,911
2028	65,000	46,629	111,629
2029	70,000	43,151	113,151
2030	75,000	39,316	114,316
2031	80,000	35,150	115,150
2032	85,000	30,662	115,662
2033	90,000	25,850	115,850
2034	95,000	20,762	115,762
2035	105,000	15,262	120,262
2036	110,000	9,350	119,350
2037	115,000	3,163	118,163
	<u>\$ 1,300,000</u>	<u>\$ 741,556</u>	<u>\$ 2,041,556</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
March 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 50,000	\$ 39,150	\$ 89,150
2021	50,000	37,850	87,850
2022	50,000	36,400	86,400
2023	50,000	34,875	84,875
2024	50,000	33,275	83,275
2025	50,000	31,625	81,625
2026	50,000	29,900	79,900
2027	50,000	28,100	78,100
2028	50,000	26,250	76,250
2029	50,000	24,350	74,350
2030	50,000	22,400	72,400
2031	50,000	20,400	70,400
2032	50,000	18,363	68,363
2033	50,000	16,288	66,288
2034	50,000	14,175	64,175
2035	50,000	12,025	62,025
2036	50,000	9,875	59,875
2037	50,000	7,700	57,700
2038	75,000	4,950	79,950
2039	75,000	1,650	76,650
	<u>\$ 1,050,000</u>	<u>\$ 449,600</u>	<u>\$ 1,499,600</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
March 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 50,000	\$ 94,219	\$ 144,219
2021	60,000	91,194	151,194
2022	65,000	87,756	152,756
2023	65,000	84,181	149,181
2024	70,000	80,469	150,469
2025	70,000	76,619	146,619
2026	75,000	72,631	147,631
2027	75,000	68,506	143,506
2028	80,000	65,244	145,244
2029	85,000	62,769	147,769
2030	85,000	60,219	145,219
2031	90,000	57,594	147,594
2032	95,000	54,700	149,700
2033	100,000	51,531	151,531
2034	105,000	48,069	153,069
2035	105,000	44,394	149,394
2036	110,000	40,631	150,631
2037	115,000	36,694	151,694
2038	120,000	32,581	152,581
2039	125,000	28,294	153,294
2040	130,000	23,750	153,750
2041	135,000	18,947	153,947
2042	140,000	13,875	153,875
2043	145,000	8,531	153,531
2044	155,000	2,906	157,906
	<u>\$ 2,450,000</u>	<u>\$ 1,306,304</u>	<u>\$ 3,756,304</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
March 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	\$ 140,000	\$ 199,963	\$ 339,963
2021	155,000	193,862	348,862
2022	160,000	187,033	347,033
2023	165,000	179,799	344,799
2024	170,000	172,149	342,149
2025	175,000	164,121	339,121
2026	185,000	155,567	340,567
2027	190,000	146,517	336,517
2028	195,000	138,123	333,123
2029	205,000	130,270	335,270
2030	210,000	121,935	331,935
2031	220,000	113,144	333,144
2032	230,000	103,725	333,725
2033	240,000	93,669	333,669
2034	250,000	83,006	333,006
2035	260,000	71,681	331,681
2036	270,000	59,856	329,856
2037	280,000	47,557	327,557
2038	195,000	37,531	232,531
2039	200,000	29,944	229,944
2040	130,000	23,750	153,750
2041	135,000	18,947	153,947
2042	140,000	13,875	153,875
2043	145,000	8,531	153,531
2044	155,000	2,906	157,906
	<u>\$ 4,800,000</u>	<u>\$ 2,497,460</u>	<u>\$ 7,297,460</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-6. Change in Long-Term Bonded Debt
March 31, 2019

	Bond Issue			Totals
	Series 2011	Series 2014	Series 2018	
Interest rate	3.75% - 5.50%	2.40% - 4.40%	3.00% - 5.50%	
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/13 - 9/1/36	9/1/15 - 9/1/38	9/1/19 - 9/1/43	
Beginning bonds outstanding	\$ 1,340,000	\$ 1,100,000	\$ -	\$ 2,440,000
Bonds issued			2,450,000	2,450,000
Bonds retired	(40,000)	(50,000)		(90,000)
Ending bonds outstanding	<u>\$ 1,300,000</u>	<u>\$ 1,050,000</u>	<u>\$ 2,450,000</u>	<u>\$ 4,800,000</u>
Interest paid during fiscal year	<u>\$ 68,214</u>	<u>\$ 40,350</u>	<u>\$ 63,729</u>	<u>\$ 172,293</u>
Paying agent's name and city				
Series 2011	Wells Fargo Bank, N.A., Fort Worth, Texas			
Series 2014	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2018	Amegy Bank, N.A., Houston, Texas			
Bond Authority:	<u>Levee Bonds</u>			
Amount Authorized by Voters	\$ 50,000,000			
Amount Issued	(5,200,000)			
Remaining To Be Issued	<u>\$ 44,800,000</u>			

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

Debt Service Fund cash and investments balances as of March 31, 2019: \$ 473,188

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 291,898

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 20
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	\$ 263,976	\$ 314,103	\$ 272,404	\$ 186,480	\$ 140,219
FEMA grants	64,720				
Miscellaneous		26,351			
Investment earnings	9,855	3,137	904	315	105
Total Revenues	<u>338,551</u>	<u>343,591</u>	<u>273,308</u>	<u>186,795</u>	<u>140,324</u>
Expenditures					
Operating and administrative					
Professional fees	78,568	47,083	52,673	59,002	54,012
Contracted services	51,812	37,294	32,400	19,200	7,750
Repairs and maintenance	45,149	104,934	86,082	74,051	58,888
Utilities	6,240	7,765	1,394	7,010	1,668
Administrative	15,604	9,425	5,019	7,887	8,455
Other	797	359	2,550		
Total Expenditures	<u>198,170</u>	<u>206,860</u>	<u>180,118</u>	<u>167,150</u>	<u>130,773</u>
Revenues Over Expenditures	<u>\$ 140,381</u>	<u>\$ 136,731</u>	<u>\$ 93,190</u>	<u>\$ 19,645</u>	<u>\$ 9,551</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
78%	91%	100%	100%	100%
19%	8%			
3%	1%	*	*	*
100%	100%	100%	100%	100%
23%	14%	19%	32%	38%
15%	11%	12%	10%	6%
13%	31%	31%	40%	42%
2%	2%	1%	4%	1%
5%	3%	2%	4%	6%
*	*	1%		
58%	61%	66%	90%	93%
42%	39%	34%	10%	7%

Fort Bend County Levee Improvement District No. 20

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	\$ 337,389	\$ 225,761	\$ 197,174	\$ 196,034	\$ 182,276
Penalties and interest	1,674	1,611	1,593	1,307	878
Accrued interest on bonds sold					3,341
Miscellaneous		63			
Investment earnings	6,387	2,236	1,115	392	113
Total Revenues	<u>345,450</u>	<u>229,671</u>	<u>199,882</u>	<u>197,733</u>	<u>186,608</u>
Expenditures					
Tax collection services	15,514	13,735	11,948	11,275	10,518
Debt service					
Principal	90,000	85,000	85,000	80,000	30,000
Interest and fees	165,602	112,517	115,051	117,470	101,050
Total Expenditures	<u>271,116</u>	<u>211,252</u>	<u>211,999</u>	<u>208,745</u>	<u>141,568</u>
Revenues Over (Under) Expenditures	<u>\$ 74,334</u>	<u>\$ 18,419</u>	<u>\$ (12,117)</u>	<u>\$ (11,012)</u>	<u>\$ 45,040</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
98%	98%	98%	99%	98%
*	1%	1%	1%	*
	*			2%
2%	1%	1%	*	*
100%	100%	100%	100%	100%
4%	6%	6%	6%	6%
26%	37%	43%	40%	16%
48%	49%	58%	59%	54%
78%	92%	107%	105%	76%
22%	8%	(7%)	(5%)	24%

Fort Bend County Levee Improvement District No. 20
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended March 31, 2019

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): March 28, 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				
Jared L. Biermann	3/18 - 8/19	\$ 900	\$ 80	President
Jeffrey R. Singer	8/07 - 8/19	1,200		Vice President
David Hunter	8/07 - 8/19	1,050		Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2007	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 54,420		
<i>Bond counsel</i>		74,126		
LID Solutions	2017	47,013		Operator
Municipal Accounts & Consulting, LP	2018	18,662		Bookkeeper
Tax Tech, Inc.	2007	13,017		Tax Collector
Fort Bend Central Appraisal District	Legislation	3,937		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott LLP	2008			Delinquent Tax Attorney
Sherrington/Humble, Inc.	2008	60,644		Engineer
McGrath & Co., PLLC	Annual	14,000		Auditor
Robert W. Baird & Co., Inc	2018	51,524		Financial Advisor

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

APPENDIX B

Specimen Municipal Bond Insurance Policy



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)

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