

OFFICIAL STATEMENT DATED JULY 15, 2020

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 **not** "qualified tax-exempt obligations" for financial institutions."*

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured) "AA" (stable outlook)
 Moody's Investors Service, Inc. (AGM Insured) "A2" (stable outlook)
 Moody's Investors Service, Inc. (Underlying) "A2"
 See "BOND INSURANCE" and "RATINGS" herein

\$12,830,000 FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23 (A Political Subdivision of the State of Texas, located within Fort Bend County, Texas) UNLIMITED TAX REFUNDING BONDS, SERIES 2020

Dated: August 1, 2020

Due: September 1, as shown below

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrars (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from August 1, 2020, and is payable on March 1, 2021 (seven-month interest payment), and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such Beneficial Owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in 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."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer").



MATURITY SCHEDULE CUSIP Prefix (a) 34679

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
\$ 5,000	2021	4.00%	0.82%	NP0	\$ 810,000	2027(c)	2.00%	1.40%	NV7
715,000	2022	4.00	0.81	NQ8	825,000	2028(c)	2.00	1.54	NW5
1,495,000	2023	4.00	0.87	NR6	705,000	2029(c)	2.00	1.60	NX3
1,540,000	2024	4.00	0.94	NS4	780,000	2030(c)	2.00	1.71	NY1
775,000	2025	4.00	1.06	NT2	2,420,000	2031(c)	2.00	1.77	NZ8
795,000	2026(c)	2.00	1.20	NU9	1,965,000	2032(c)	2.00	1.85	PA1

- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor, nor the Underwriter take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter (as defined herein). Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed. Accrued interest from July 1, 2020, is to be added to the price.
- (c) The Bonds maturing on and after September 1, 2026, are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 23 (the "District"), as a whole or in part, on September 1, 2025, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which as been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and the issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING — Use of Bond Proceeds." The Bonds, when issued, constitute valid and binding obligations of the District, and 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. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, the City of Missouri City, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, the City of Missouri City, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form is expected on or about August 20, 2020.

SAMCO CAPITAL MARKETS

RBC CAPITAL MARKETS

TABLE OF CONTENTS

	<u>Page</u>
USE OF INFORMATION IN OFFICIAL STATEMENT	4
SALE AND DISTRIBUTION OF THE BONDS	5
Underwriting	5
Prices and Marketability	5
Securities Laws	5
BOND INSURANCE	6
Bond Insurance Policy	6
Assured Guaranty Municipal Corp.	6
BOND INSURANCE RISK FACTORS	8
RATINGS	8
OFFICIAL STATEMENT SUMMARY	9
INTRODUCTION	17
THE BONDS	17
General	17
Book-Entry-Only System	17
Assignments, Transfers and Exchanges	19
Redemption Provisions	19
Replacement of Registrar	20
Authority for Issuance	20
Source of Payment	20
Issuance of Additional Debt	20
No Arbitrage	22
Annexation and Consolidation	22
Strategic Partnership	22
Registered Owners' Remedies	22
Bankruptcy Limitation to Registered Owners' Rights	23
Legal Investment and Eligibility to Secure Public Funds in Texas	23
Defeasance	24
PLAN OF FINANCING	25
Use of Bond Proceeds	25
The Refunded Bonds	25
Payment of the Refunded Bonds	26
The Non-Refunded Bonds (Remaining Outstanding Bonds)	26
Sources and Uses of Funds	28
THE DISTRICT	28
Authority	28
Description	29
Management of the District	29
Tax Assessor/Collector	29
Bookkeeper	29
Utility System Operator	29
Auditor	30
Engineer	30
Attorney	30
Financial Advisor	30
DEVELOPMENT OF THE DISTRICT	30
DEVELOPER AND PRINCIPAL LAND OWNER	33
FUTURE DEVELOPMENT	33
AERIAL PHOTOGRAPH OF THE DISTRICT	34
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	35
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	36

DISTRICT DEBT	37
General	37
Estimated Direct and Overlapping Debt Statement	39
Debt Ratios	39
Debt Service Requirement Schedule	40
TAX DATA	41
Debt Service Tax	41
Maintenance Tax	41
Tax Rate Limitation	41
Historical Values and Tax Collection History	41
Tax Rate Distribution	42
Analysis of Tax Base	42
Principal 2019 Taxpayers	42
Exemptions	43
Tax Rate Calculations	43
Estimated Overlapping Taxes	44
TAXING PROCEDURES	44
Authority to Levy Taxes	44
Property Tax Code and County-wide Appraisal District	44
Property Subject to Taxation by the District	45
Tax Abatement	46
Valuation of Property for Taxation	46
District and Taxpayer Remedies	47
Levy and Collection of Taxes	47
Rollback of Operation and Maintenance Tax Rate	48
Additional Penalties	49
District's Rights in the Event of Tax Delinquencies	49
THE SYSTEM	50
Regulation	50
Description	50
Water Supply	50
Wastewater Treatment	51
Outfall Drainage Channel	51
100-Year	51
Fort Bend Subsidence District	52
INVESTMENT CONSIDERATIONS	52
General	52
Factors Affecting Taxable Values and Tax Payments	52
Tax Collection Limitations	55
Registered Owners' Remedies and Bankruptcy	55
The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District	55
Marketability	56
Future Debt	56
Competitive Nature of Houston Markets	56
Continuing Compliance with Certain Covenants	57
Approval of the Bonds	57
Environmental Regulations	57
Changes in Tax Legislation	60
Tropical Weather Events	60
Infectious Disease Outlook (COVID-19)	60
Potential Effects of Oil Price Declines on the Houston Area	61
LEGAL MATTERS	61
Legal Opinions	61
No-Litigation Certificate	62
No Material Adverse Change	62

TAX MATTERS	62
VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS	63
OFFICIAL STATEMENT	64
General	64
Experts	64
Certification as to Official Statement	64
Updating of Official Statement	64
CONTINUING DISCLOSURE OF INFORMATION	65
Annual Reports	65
Event Notices	65
Availability of Information	66
Limitations and Amendments	66
Compliance With Prior Undertakings	66
APPENDIX A - LOCATION MAP	
APPENDIX B - ANNUAL FINANCIAL REPORT	
APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY	

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of duplication costs.

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

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

Neither the District nor the Underwriter makes any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC (“RBC”) (together referred to herein as the “Underwriter”) have agreed to purchase the Bonds from the District pursuant to the terms and conditions contained in a bond purchase agreement for \$13,364,392.30 (an amount equal to the principal amount of the Bonds, less an Underwriter's discount of \$86,474.20, plus an original issue premium on the Bonds of \$620,866.50), plus accrued interest on the Bonds to the date of delivery.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

The prices and other terms respecting 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 price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT 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 United States 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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AGM

At March 31, 2020:

- The policyholders' surplus of AGM was approximately \$2,573 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$997 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

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

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

Miscellaneous Matters

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

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 Policy for such payments.

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

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

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" and "RATINGS" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC and "A2" (stable outlook) from Moody's Investors Service ("Moody's"), based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody's is "A2."

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody's. The foregoing ratings express only the view of S&P and Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P and Moody's, if, in their respective judgments, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Fort Bend County Municipal Utility District No. 23 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Issue	Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds, Series 2020, in the aggregate principal amount of \$12,830,000 are dated August 1, 2020. Interest accrues from August 1, 2020, at the rates shown on the cover hereof, and is payable on March 1, 2021 (seven-month interest payment), and on 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 cover page of this Official Statement. The Bonds maturing on and after September 1, 2026, are subject to redemption, in whole or in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (as defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (as defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
Source of Payment	Principal of and interest on 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. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." The Bonds are obligations of the District, and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, the City of Missouri City, Texas, or any entity other than the District.
Other Characteristics	The Bonds are issued in fully registered form, without coupons, in the denomination of \$5,000 each, or any integral multiple thereof.

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with certain funds that are lawfully available to the District for such purpose, will be applied to refund \$5,515,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and \$7,375,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"). The Series 2012 Refunding Bonds and Series 2013 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N. A. in Dallas, Texas. The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

Authority for Issuance

The Bonds will be issued pursuant to a Bond Resolution (the "Bond Resolution") adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54, Texas Water Code, as amended, City of Houston Ordinance No. 97-416, and Chapter 1207, Texas Government Code, as amended.

Payment Record

The District has, in addition to the Series 2012 Refunding Bonds and Series 2013 Refunding Bonds, also issued Unlimited Tax Bonds, Series 1984 (the "Series 1984 Bonds"), Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds") Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2008A (the "Series 2008A Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2015A (the "Series 2015A Bonds"), Unlimited Tax Park Bonds, Series 2015B (the "Series 2015B Park Bonds") and Unlimited Tax Bonds, Series 2017B (the "Series 2017B Bonds"), to finance water supply and distribution, wastewater collection and treatment and storm drainage facilities (the "System") and recreational facilities. The District has also issued Unlimited Tax Refunding Bonds, Series 1994 (the "Series 1994 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), the Series 2012 Refunding Bonds, the Series 2013 Refunding Bonds, Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"),

Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2017A (the “Series 2017A Refunding Bonds”) to refund certain outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District is \$56,505,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Prior Bonds not heretofore paid by the District, will be \$43,615,000 (collectively, the “Remaining Outstanding Bonds”), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$56,445,000. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “PLAN OF FINANCING,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Not Qualified Tax-Exempt Obligations

The Bonds are **not** “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Authorized But Unissued Bonds

\$17,890,000 bonds for waterworks, wastewater and drainage facilities, \$3,250,000 for recreational facilities, and \$7,892,653.22 for refunding purposes will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt.”

Municipal Bond Insurance

Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE.”

Municipal Bond Ratings

S&P Global Ratings (AGM insured) “AA” (stable outlook). Moody’s Investors Service (AGM insured) “A2” (stable outlook). Moody’s Investors Service (Underlying)...“A2”. See “BOND INSURANCE” and “RATINGS.”

Bond Counsel Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS” and “TAX MATTERS.”

Verification Agent Robert Thomas CPA, LLC. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.”

THE DISTRICT

Description Fort Bend County Municipal Utility District No. 23, a political subdivision of the State of Texas, was created by the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the “TCEQ”), on February 15, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District currently contains approximately 1,303 acres of land. The District is located entirely within Fort Bend County, Texas, approximately 20 miles southwest of the central business district of the City of Houston. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. The District lies within the Fort Bend Independent School District. The District now lies in the extraterritorial jurisdiction of both the City of Houston and the City of Missouri City. See “THE DISTRICT - Authority” and - “Description,” “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”

Development of the District As of May 15, 2020, the development of an aggregate of 4,597 single-family residential lots (an aggregate of approximately 1,168 acres) is complete within the District, and homes have been built on all of such lots and conveyed to home purchasers. The development of such 4,597 completed lots includes the construction of components of the System and street paving in Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, and Cambridge Falls, Sections 1 through 11 as is enumerated in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT.” A Walgreens Drug Store that contains approximately 14,820 square feet of building area, a grocery store that contains approximately 11,904 square feet of building area and four retail shopping centers have been constructed on an approximately 12 acre tract of land located within the District. A gasoline service station and convenience store have been constructed on an approximately 1 acre site located within the District. A Jack-in-the-Box restaurant has been constructed on an approximately 0.6 acre site located within the District. A United States Post Office has been constructed on an approximately 2.4 acre site located within the District and the Fort Bend Independent School District (the “FBISD”) owns a total of approximately 24 acres located within the District on which it has constructed on separate sites the Walter

Moses Burton Elementary School and the Lulabelle Goodman Elementary School, all of which property is exempt from taxation by the District. Approximately 19 acres within the District contain recreational facilities. Approximately 12 undeveloped acres located within the District that are currently expected to be developed into single-family residential lots and commercial development, the ownership of which is described below under the caption “Developer and Principal Land Owner” are available for future development. Since the owner of such currently undeveloped acres has no obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acres that are contained within the District consist of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or are otherwise not available for future development.

The District financed its portion of the cost of (a) the acquisition or construction of the components of its System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, Cambridge Falls, Sections 1 through 9; and (b) the acquisition and construction of the M.R. Massey Park and Playground, Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities, enhancements to Teal Run Trail, Winfield Lakes Tennis Courts and Cambridge Falls Walking Trail, and other recreational facilities, and certain other facilities, with portions of the proceeds of the Prior Bonds and surplus funds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Developer and Principal Land Owner

Hannover Estates, Ltd. (“HEL”) owns approximately 12 acres of currently undeveloped land located within the District, approximately 6 acres of which are expected to be developed in the future into single-family residential lots, and approximately 6 acres of which are expected to be utilized for future commercial development. However, HEL is under no

obligation to the District to develop any of its currently undeveloped acres according to any timetable or at all, and thus the District cannot predict whether, or when, the development of any such acres might be undertaken.

Infectious Disease Outlook (COVID-19)

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

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

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

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

INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2019 Assessed Valuation	\$860,130,446(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES."	
2020 Preliminary Valuation	\$923,031,937(b)
(As of January 1, 2020)	
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
Remaining Outstanding Bonds	\$ 43,615,000(c)
The Bonds	<u>12,830,000</u>
Total	\$ 56,445,000
Estimated Overlapping Debt	<u>\$ 32,035,825</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 88,480,825(c)</u>
Direct Debt Ratio	
: as a percentage of 2019 Assessed Valuation	6.56%
: as a percentage of 2020 Preliminary Valuation	6.12%
Direct and Estimated Overlapping Debt Ratio	
: as a percentage of 2019 Assessed Valuation	10.29%
: as a percentage of 2020 Preliminary Valuation	9.59%
Debt Service Fund Balance Estimated as of Delivery of the Bonds	\$ 7,265,873(d)
General Fund Balance at May 28, 2020	\$ 4,696,705
2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$0.53
Maintenance tax	<u>0.25</u>
Total	\$0.78/\$100 A.V.(e)
Average Percentage of Total Tax Collections (2009-2018) as of May 31, 2020	99.77%
Percentage of Tax Collections 2019 Levy	98.21%
(As of May 31, 2020. In process of collection.)	
Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2021-2037)	\$ 4,020,577
Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds (2034)	\$ 4,434,175
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2021-2037) at 95% Tax Collections	
Based Upon 2019 Assessed Valuation	\$0.50
Based Upon 2020 Preliminary Valuation	\$0.46

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds (2034) at 95% Tax Collections	
Based Upon 2019 Assessed Valuation	\$0.55
Based Upon 2020 Preliminary Valuation	\$0.51
Number of Single-Family Homes Within the District as of May 15, 2020	
	4,597

- (a) As of January 1, 2019. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."
- (b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2020, as reflected on the District's preliminary 2020 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2020 value resulting from the construction of taxable improvements from January 1, 2019, through December 31, 2019. No taxes will be levied on this estimate. The District's ultimate 2020 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2020. See "TAXING PROCEDURES."
- (c) Excludes the Refunded Bonds. See "PLAN OF FINANCING" and "DISTRICT DEBT." In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements that were due on March 1, 2020, and the contribution by the District of approximately \$165,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2020, which consist of principal of and interest on the Remaining Outstanding Bonds, are due on September 1, 2020, and total \$2,881,853. The District's initial debt service payment on the Bonds is due on March 1, 2021, and consists of a seven-month interest payment thereon.
- (e) The District has levied a total tax of \$0.78 per \$100 of Assessed Valuation for 2019, consisting of debt service and maintenance tax components of \$0.53 and \$0.25 per \$100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all units of government which levy taxes against the property located within the District is \$2.61 per \$100 of Assessed Valuation, which aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the Houston metropolitan area, although such aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

\$12,830,000 UNLIMITED TAX REFUNDING BONDS SERIES 2020

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 23 (the “District”) of its \$12,830,000 Unlimited Tax Refunding Bonds, Series 2020 (the “Bonds”).

There follow in this Official Statement descriptions of the Bonds, 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 the District upon request and payment of the costs of duplication thereof.

THE BONDS

General

The Bonds are dated and bear interest from August 1, 2020, at the rates shown on the cover hereof, with interest payable on March 1, 2021 (seven-month interest payment), and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds are fully-registered bonds maturing on September 1 of the years and in the amounts shown under “MATURITY SCHEDULE” on the cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the “Paying Agent,” “Paying Agent/Registrar,” or “Registrar”). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the 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”).

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee 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 and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any 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, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

Assignments, Transfers and Exchanges

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt 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 denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to 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 (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

The Bonds maturing on and after September 1, 2026, 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, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Registrar 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 particular Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds within one maturity are to be redeemed, the Registrar shall select the Bonds to be redeemed by lot or other method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

The Bonds constitute the tenth issue of \$13,245,000 unlimited tax refunding bonds authorized at an election held within the District on May 7, 1994, for that purpose. A total of \$90,775,000 unlimited tax bonds have been authorized at elections held within the District on February 25, 1984, August 14, 1999, and November 6, 2001, for the purpose of financing the construction of waterworks, wastewater and drainage facilities. In addition, District voters have authorized \$8,800,000 unlimited tax bonds for recreational facilities at an election held on May 13, 2006. \$17,890,000 bonds for waterworks, wastewater and drainage facilities, \$3,250,000 bonds for recreational facilities and \$7,892,653.22 bonds for refunding purposes remain authorized but unissued after issuance of the Bonds. See “Issuance of Additional Debt” below. The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54 of the Texas Water Code, Chapter 1207, Texas Government Code, as amended, and Article XVI, Section 59 of the Texas Constitution.

Source of Payment

The Bonds (together with the Remaining Outstanding Bonds, as defined herein, and such additional tax bonds as may hereafter be issued by the District) 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, and Registrar 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, on such additional bonds payable from taxes which may be issued, and Registrar fees.

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

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created and for refunding purposes. Following the issuance of the Bonds, the District will have the right to issue \$7,892,653.22 additional bonds for refunding purposes, as approved by the District's voters at the election held on May 7, 1994. The District will also have the right to issue an additional \$17,890,000 bonds for waterworks, sanitary sewer, and drainage facilities as authorized by District voters at elections held on February 25, 1984, August 14, 1999, and November 6, 2001, and \$3,250,000 bonds for recreational facilities, as authorized by the District's voters at the election held on May 13, 2006. The Bond Resolution imposes no limitation on the amount of additional parity bonds that may be issued by the District, if authorized by the District's voters and approved by the Board and the Texas Commission on Environmental Quality (the “TCEQ”). In addition to the components of the System, and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

The District has the right to issue the aforementioned bonds without the necessity of further voter authorization. Before issuing any additional bonds for waterworks, sanitary sewer, and drainage facilities, the District would have to obtain approval of the TCEQ for the issuance of such bonds and the projects to be financed thereby. Since the District has not financed all components of its System necessary to complete construction of the System, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, with additional voter approval.

Based on present engineering cost estimates and on development plans supplied by the Developer (as defined herein), in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the \$17,890,000 authorized but unissued bonds will be adequate to finance the extension of water supply and distribution, wastewater collection and treatment, and storm drainage facilities to serve all of the remaining undeveloped portions of the District. However, if the cost of the additions to the System necessary to complete development of the District were to exceed current estimates, the amount of authorized but unissued bonds might not be sufficient to finance all such additions to the System. In such event, the District would be required to obtain voter authorization to issue additional bonds to complete the System at an election held for such purpose. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," and "THE SYSTEM."

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District adopted a master parks plan on February 23, 2006, and voters of the District have approved the issuance of \$8,800,000 park bonds on May 13, 2006. The District issued its Series 2008 Bonds and Series 2015B Park Bonds to finance recreational facilities. Before the District could issue additional parks and recreational facilities bonds payable from taxes, the following actions would be required: (a) approval of the park projects and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. When the District issues parks and recreational facilities bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has spent and intends to continue to spend surplus operating revenues for the maintenance and development of parks and other recreational facilities in the District. Currently, the District has constructed the M.R. Massey Park and Playground, the Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities, Phase 2 to serve Cambridge Falls, enhancements to Teal Run Trail and Winfield Lakes Tennis Courts, and the Cambridge Falls Walking Trail.

The District also is authorized to acquire road powers. The Texas Commission on Environmental Quality has approved the District's application to acquire road utility district powers to construct major thoroughfares, collector or arterial roads benefitting the District. The District called an election on November 5, 2019, for the purpose of authorizing the issuance of \$10,000,000 in unlimited tax bonds for construction and acquisition of roads to serve the District and for refunding of such bonds. However, the election failed to pass by a 2/3 majority of the votes cast in the election. The District may call a future road bond election.

No Arbitrage

The District certifies 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.

Annexation and Consolidation

Due to an extraterritorial jurisdiction (“ETJ”) swap between the City of Houston, Texas, and the City of Missouri City, Texas (each, a “City”), the District lies within the ETJ of the City of Houston and the City of Missouri City. Under Texas law, the District may be annexed for full purposes in whole, but not in part, by either City without the District's consent, in which case the City must dissolve the District and assume the assets, functions and obligations of the District, including the Bonds, and any other bonded indebtedness of the District existing at the time of annexation. However, because the District is now in two ETJ's, the District would not be dissolved unless both Cities have annexed the property in the District. No representation is made concerning the likelihood of annexation or the ability of either City to make debt service payments should annexation and dissolution occur.

The District has the right under current State law to select the ETJ in which it would like to be located, without the consent of either City.

The District has the right, if approved by the voters of the District, to consolidate with other districts and, in connection therewith, to provide for the consolidation of the District's assets (such as cash and its System) and liabilities (such as the Bonds and the Remaining Outstanding Bonds) with the assets and liabilities of the district or districts with which it is consolidating. No representation is made that the District will ever consolidate with another district.

Strategic Partnership

The District entered into a Strategic Partnership Agreement (the “SPA”) with the City of Houston (the “City”) pursuant to Chapter 43 of the Texas Local Government Code on December 19, 2011. The SPA provides for a “limited purpose annexation” of that portion of the District within the City's extraterritorial jurisdiction that is developed for retail and commercial purposes in order to apply certain City health, safety, planning and zoning ordinances and sales tax within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA provides the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist if the land within the District were to be annexed for full or limited purposes by the City. The SPA also provides that, without the agreement of the District, the City will not annex the District for “full purposes” (a traditional municipal annexation) for at least thirty (30) years, which is 2041 for such purpose.

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 Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations 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 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if 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 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. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with certain funds that are lawfully available to the District for such purpose, will be applied to refund \$5,515,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and \$7,375,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"). The Series 2012 Refunding Bonds and Series 2013 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N. A. in Dallas, Texas. The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

The Refunded Bonds

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Refunded Bonds are set forth below.

	<u>PRINCIPAL AMOUNTS</u>	
<u>Maturity Date</u> <u>September 1</u>	<u>Series 2012 Refunding</u> <u>Refunded Bonds</u>	<u>Series 2013 Refunding</u> <u>Refunded Bonds</u>
2022	\$ 365,000	\$ 345,000
2023	1,105,000	375,000
2024	1,130,000	385,000
2025	380,000	365,000
2026	390,000	375,000
2027	400,000	395,000
2028	410,000	410,000
2029	285,000	430,000
2030	360,000	445,000
2031	350,000	2,125,000
2032	<u>340,000</u>	<u>1,725,000</u>
	<u>\$5,515,000</u>	<u>\$7,375,000</u>
Redemption Date:	8/21/20	9/1/20
Aggregate Principal Amount of Refunded Bonds		\$12,890,000

Payment 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 The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded Bonds (the “Paying Agent for the Refunded Bonds”).

The Bond Resolution provides that from the proceeds of the sale of the Bonds and other available funds of the District, 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 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 ACCURACY OF MATHEMATICAL COMPUTATIONS.” 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 resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

The Non-Refunded Bonds (Remaining Outstanding Bonds)

The District has, in addition to the Series 2012 Refunding Bonds and Series 2013 Refunding Bonds, also issued Unlimited Tax Bonds, Series 1984 (the “Series 1984 Bonds”), Unlimited Tax Bonds, Series 1995 (the “Series 1995 Bonds”), Unlimited Tax Bonds, Series 1998 (the “Series 1998 Bonds”), Unlimited Tax Bonds, Series 1999 (the “Series 1999 Bonds”) Unlimited Tax Bonds, Series 2001 (the “Series 2001 Bonds”), Unlimited Tax Bonds, Series 2004 (the “Series 2004 Bonds”), Unlimited Tax Bonds, Series 2005 (the “Series 2005 Bonds”), Unlimited Tax Bonds, Series 2006 (the “Series 2006 Bonds”), Unlimited Tax Bonds, Series 2007 (the “Series 2007 Bonds”), Unlimited Tax Bonds, Series 2008 (the “Series 2008 Bonds”), Unlimited Tax Bonds, Series 2008A (the “Series 2008A Bonds”), Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”), Unlimited Tax Bonds, Series 2015A (the “Series 2015A Bonds”), Unlimited Tax Park Bonds, Series 2015B (the “Series 2015B Park Bonds”) and Unlimited Tax Bonds, Series 2017B (the “Series 2017B Bonds”), to finance water supply and distribution, wastewater collection and treatment and storm drainage facilities (the “System”) and recreational facilities. The District has also issued Unlimited Tax Refunding Bonds, Series 1994 (the “Series 1994 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2004 (the “Series 2004 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2010 (the “Series 2010 Refunding Bonds”), the Series 2012 Refunding Bonds, the Series 2013 Refunding Bonds, Unlimited Tax Refunding Bonds, Series 2014 (the “Series 2014 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2017A (the “Series 2017A Refunding Bonds”) to refund certain outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District is \$56,505,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Prior Bonds not heretofore paid by the District, will be \$43,615,000 (collectively, the “Remaining Outstanding Bonds”), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$56,445,000. See “PLAN OF FINANCING,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

The principal amounts and maturity dates (or mandatory sinking fund redemption dates, if applicable) of the Remaining Outstanding Bonds as of the date of the issuance of the Bonds are as follows:

NON-REFUNDED BONDS

Maturity Date	Series 2012 <u>Refunding Bonds</u>	Series 2013 <u>Refunding Bonds</u>	Series 2014 <u>Refunding Bonds</u>	Series 2015A <u>Bonds</u>	Series 2015B <u>Bonds</u>	Series 2016 <u>Refunding Bonds</u>	Series 2017 <u>Refunding Bonds</u>	Series 2017A <u>Refunding Bonds</u>	Series 2017B <u>Bonds</u>
9/1/2020	\$ 345,000	\$ 335,000	\$ 345,000	\$ 25,000		\$ 60,000	\$ 95,000	\$ 880,000	
9/1/2021	355,000	340,000	350,000	25,000		65,000	95,000	905,000	
9/1/2022			360,000	25,000		70,000	115,000	930,000	
9/1/2023			370,000	35,000		70,000	115,000	230,000	
9/1/2024			375,000	25,000		70,000	115,000	250,000	
9/1/2025			380,000	25,000		75,000	115,000	1,085,000	
9/1/2026			390,000	25,000		80,000	115,000	1,135,000	
9/1/2027			400,000	25,000		85,000	115,000	1,185,000	
9/1/2028			410,000	25,000		90,000	160,000	1,240,000	
9/1/2029			745,000	25,000		95,000	160,000	1,110,000	
9/1/2030			440,000	1,000,000		95,000	160,000		
9/1/2031			445,000	25,000		100,000	160,000		
9/1/2032			460,000	25,000		105,000	665,000		
9/1/2033			2,855,000	25,000		110,000	555,000		
9/1/2034			60,000	25,000		3,060,000	545,000		
9/1/2035			55,000	25,000		3,595,000	145,000		
9/1/2036				500,000	\$500,000		1,815,000		\$750,000
9/1/2037				515,000	600,000		1,900,000		750,000
9/1/2038				600,000	700,000				<u>640,000</u>
9/1/2039				600,000	800,000				<u>\$2,140,000</u>
9/1/2040	<u>\$700,000</u>	<u>\$675,000</u>	<u>\$8,440,000</u>	<u>\$4,190,000</u>	<u>\$3,550,000</u>	<u>\$7,825,000</u>	<u>\$7,145,000</u>	<u>\$8,950,000</u>	

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) \$43,615,000

Sources and Uses of Funds

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

SOURCES OF FUNDS:

Principal Amount of Bonds	\$12,830,000.00
Plus: Original Issue Premium on the Bonds	620,866.50
Accrued Interest	18,324.44
District Contribution	<u>165,000.00</u>
Total Sources of Funds	\$13,634,190.94

USE OF FUNDS:

Deposit with Paying Agent for the Refunded Bonds	\$13,120,267.36
Deposit Accrued Interest to Debt Service Fund	18,324.44
Expenses:	
Underwriter Discount	86,474.20
Insurance Premium and Other Issuance Expenses	<u>409,124.94</u>
Total Uses of Funds	\$13,634,190.94

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission, predecessor to the TCEQ, dated February 15, 1978, pursuant to the authority of Chapter 54, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The creation of the District was confirmed at an election held within the District on January 21, 1984. 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 54, Texas Water Code. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District also is empowered to construct major thoroughfares, connector or arterial roads benefitting the District.

The District also is authorized to construct, develop and maintain park and recreational facilities subject to approval by the TCEQ. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. The District currently owns and operates parks and recreational facilities within the District. Such facilities include an extensive walking trail systems, playgrounds and picnic area. The District has issued its Series 2008 Bonds and Series 2015B Park Bonds to finance recreational facilities and uses surplus operating revenues to fund recreational facilities. Future facilities may be paid for by the issuance of parks and recreational facilities bonds and the levy of ad valorem taxes in payment thereof or from surplus operating funds. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

The District called an election on November 5, 2019, for the purpose of authorizing the issuance of \$10,000,000 in unlimited tax bonds for construction and acquisition of roads to serve the District and for refunding of such bonds. However, the election failed to pass by a 2/3 majority of the votes cast in the election. The District may call a future road bond election.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent to creation of the District by the City of Houston, within whose extraterritorial jurisdiction the original District lies, the District agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell

bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District's construction plans and specifications, and the issuance of bonds. Due to an adjustment of the City of Houston's extraterritorial jurisdiction on February 2, 2005, the District now lies in the extraterritorial jurisdiction of both the City of Houston and the City of Missouri City. However, the City of Missouri City does not impose any requirements on the District's issuance of bonds.

Description

The District consisted of approximately 482.5 acres of land at the time of the creation of the District. One exclusion and several annexations of land have resulted in the current District size of approximately 1,303 acres of land. The District is located entirely within Fort Bend County, Texas, approximately 20 miles southwest of the central business district of the City of Houston. The District lies within the Fort Bend Independent School District. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. See "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board of Directors, consisting of five directors, who have control over and management supervision of all affairs of the District. The directors serve four-year staggered terms. Elections are held in even numbered years in May. All of the Directors currently reside within the District. The current members and officers of the Board, along with their respective terms of office, are listed below.

<u>Name</u>	<u>Title</u>	<u>Term Expires in May</u>
William Thomas	President	2022
Anzilla R. Gilmore	Vice President	2022
Chris Robinson	Assistant Vice President	2024
Ellen Hughes	Secretary	2022
Steven Gates	Assistant Secretary	2024

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, financial advisory and legal services as follows:

Tax Assessor/Collector

The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., Friendswood, Texas. According to Assessments of the Southwest, Inc., it currently serves 193 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

Bookkeeper

The District's bookkeeper is Myrtle Cruz, Inc. According to Myrtle Cruz, Inc., it currently serves approximately 372 utility districts as bookkeeper.

Utility System Operator

Municipal District Services, LLC is the operator of the System. Additionally, Municipal District Services, LLC provides administrative assistance services to the District for operation of the District's administrative building. According to Municipal District Services, LLC, it is currently engaged as utility system operator for approximately 72 utility districts.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the 2019 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. A copy of the District's audit for the fiscal year ended December 31, 2019, is attached as "APPENDIX B" to this Official Statement.

Engineer

The consulting engineer for the District is LJA Engineering, Inc. (the "Engineer"). The Engineer has also been employed by the Developer (hereinafter defined) in connection with certain planning activities and the design of certain streets and related improvements within the District.

Attorney

The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Financial Advisor

The District has engaged Rathmann & Associates, L.P. as financial advisor (the "Financial Advisor") to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company_search.html.

DEVELOPMENT OF THE DISTRICT

As of May 15, 2020, the development of an aggregate of 4,597 single-family residential lots (an aggregate of approximately 1,168 acres) is complete within the District, and homes have been built on all of such lots and conveyed to home purchasers. The development of such 4,597 completed lots includes the construction of components of the System and street paving in Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, and Cambridge Falls, Sections 1 through 11 as is enumerated in chart that appears below. A Walgreens Drug Store that contains approximately 14,820 square feet of building area, a grocery store that contains approximately 11,904 square feet of building area and four retail shopping centers have been constructed on an approximately 12 acre tract of land located within the District. A gasoline service station and convenience store have been constructed on an approximately 1 acre site located within the District. A Jack-in-the-Box restaurant has been constructed on an approximately 0.6 acre site located within the District. A United States Post Office has been constructed on an approximately 2.4 acre site located within the District and the Fort Bend Independent School District (the "FBISD") owns a total of approximately 24 acres located within the District on which it has constructed on separate sites the Walter Moses Burton Elementary School and the Lulabelle Goodman Elementary School, all of which property is exempt from taxation by the District. Approximately 19 acres within the District contain recreational facilities. Approximately 12 undeveloped acres located within the District that are currently expected to be developed into single-family residential lots and commercial development, the ownership of which is described below under the caption "DEVELOPER AND PRINCIPAL LAND OWNER" are available for future development. Since the owner of such currently undeveloped acres has no obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acres that are contained within the District consist of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or are otherwise not available for future development.

The District financed its portion of the cost of (a) the acquisition or construction of the components of its System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, Cambridge Falls, Sections 1 through 9; and (b) the acquisition and construction of the M.R. Massey Park and Playground, Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities, enhancements to Teal Run Trail, Winfield Lakes Tennis Courts and Cambridge Falls Walking Trail, and other recreational facilities, and certain other facilities, with portions of the proceeds of the Prior Bonds and surplus funds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

As of May 15, 2020, the status of residential development and home construction in the District was as follows:

Residential Units

Subdivision	Fully Developed	Lots		Acres	Homes				Totals
		Acres	Under Development		Under Construction		Completed		
					Sold	Unsold	Sold	Unsold	
Teal Run									
Section 1	167	43			0	0	167	0	167
Section 2	169	52			0	0	169	0	169
Section 3	27	7			0	0	27	0	27
Section 4	50	19			0	0	50	0	50
Section 5	81	23			0	0	81	0	81
Section 6	65	12			0	0	65	0	65
Section 7	84	18			0	0	84	0	84
Section 8	34	17			0	0	34	0	34
Section 9	130	42			0	0	130	0	130
Section 10	163	43			0	0	163	0	163
Section 11	113	35			0	0	113	0	113
Section 12	96	24			0	0	96	0	96
Section 13	98	18			0	0	98	0	98
Section 14	67	18			0	0	67	0	67
Section 15	136	27			0	0	136	0	136
Section 16	137	29			0	0	137	0	137
Section 17	99	21			0	0	99	0	99
Section 18	57	33			0	0	57	0	57
Teal Run Court	17	4			0	0	17	0	17
Estates of Teal Run,									
Section 1	104	30			0	0	104	0	104
Section 2	85	20			0	0	85	0	85
Section 3	66	14			0	0	66	0	66
Section 4	64	15			0	0	64	0	64
Section 5	115	39			0	0	115	0	115
Section 6	20	5			0	0	20	0	20
Teal Run Meadows									
Section 1	84	14			0	0	84	0	84
Section 2	130	26			0	0	130	0	130
Section 3	85	15			0	0	85	0	85
Winfield Lakes									
Section 2	102	19			0	0	102	0	102
Section 3	141	20			0	0	141	0	141
Section 4	106	23			0	0	106	0	106
Section 5	15	3			0	0	15	0	15
Section 6	248	53			0	0	248	0	248
Section 7	102	29			0	0	102	0	102
Section 10	17	4			0	0	17	0	17
Andover Farms									
Section 1	83	21			0	0	83	0	83
Section 2	81	25			0	0	81	0	81
Section 3	111	31			0	0	111	0	111
Section 4	142	35			0	0	142	0	142
Section 5	67	17			0	0	67	0	67
Section 6	63	19			0	0	63	0	63
Cambridge Falls									
Section 1	149	63			0	0	149	0	149
Section 2	161	48			0	0	161	0	161
Section 3	34	9			0	0	34	0	34
Section 4	43	9			0	0	43	0	43
Section 5	43	10			0	0	43	0	43
Section 6	70	16			0	0	70	0	70
Section 7	39	7			0	0	39	0	39
Section 8	21	4			0	0	21	0	21
Section 9	60	11			0	0	60	0	60
Section 10	111	19			0	0	111	0	111
Section 11	45	10			0	0	45	0	45
TOTALS	4,597	1,168	0	0	0	0	4,597	0	4,597

DEVELOPER AND PRINCIPAL LAND OWNER

Hannover Estates, Ltd. (“HEL”) owns approximately 12 acres of currently undeveloped land located within the District, approximately 6 acres of which are expected to be developed in the future into single-family residential lots, and approximately 6 acres of which are expected to be utilized for future commercial development. However, HEL is under no obligation to the District to develop any of its currently undeveloped acres according to any timetable or at all, and thus the District cannot predict whether, or when, the development of any such acres might be undertaken.

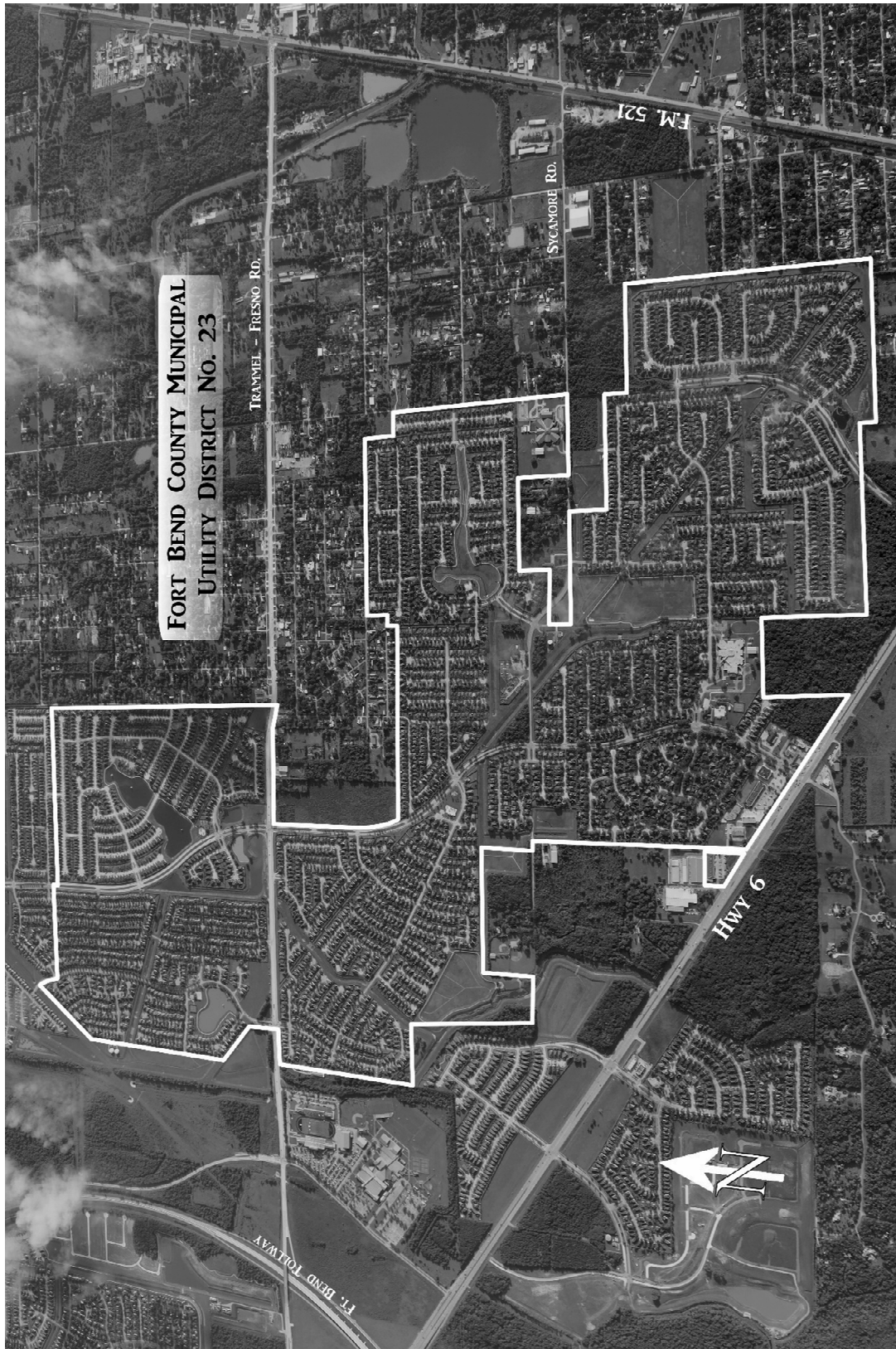
FUTURE DEVELOPMENT

According to the District's Engineer, approximately 1,168 acres of land located within the District have been developed into an aggregate of 4,597 single-family residential lots. In addition, certain commercial reserves have been developed within the District on which above-ground commercial improvements, a post office and two elementary schools have been constructed as is described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT.” Approximately 19 of such 1,168 acres within the District contain recreational facilities. Approximately 12 acres of land located within the District are currently undeveloped and are available for future development. The remaining acres that are contained within the District consist of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or are otherwise not available for future development.

As is described above under the caption “DEVELOPER AND PRINCIPAL LAND OWNER,” HEL owns such approximately 12 currently undeveloped acres, approximately 6 acres of which are expected to be developed into single-family residential lots and approximately 6 acres of which are expected to be utilized for future commercial development. However, since HEL is not under any obligation to the District to proceed with the development of such acreage, the District cannot represent when, or whether any of such currently undeveloped acres might be developed.

The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect any party's ability to develop and sell lots, and of any home builder to sell completed homes described in this Official Statement under the caption “INVESTMENT CONSIDERATIONS.” In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.” The District’s Engineer estimates that the \$17,890,000 authorized bonds which remain unissued will be adequate to finance the construction of such facilities to provide service to all of the currently undeveloped portions of the District. However, if the cost of the additions to the System necessary to complete development of the District were to exceed current estimates, the amount of authorized but unissued bonds might not be sufficient to finance all such additions to the System. In such event, the District would be required to obtain voter authorization to issue additional bonds to complete the System at an election held for such purpose. See “THE BONDS - Issuance of Additional Debt.” No party is under any obligation to the District to initiate development of any of the land located within the District, or to complete any development, if begun, and any party initiating any such future development thereon could modify or discontinue its plans in its sole discretion. Accordingly, the District makes no representation that future development will occur. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken June 2020)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2020)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2020)



DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Remaining Outstanding Bonds will be \$43,615,000, and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$56,445,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government that overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2019 Assessed Valuation	\$860,130,446(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES."	
2020 Preliminary Valuation	\$923,031,937(b)
(As of January 1, 2020)	
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
Remaining Outstanding Bonds	\$ 43,615,000(c)
The Bonds	<u>12,830,000</u>
Total	\$ 56,445,000
Estimated Overlapping Debt	<u>\$ 32,035,825</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 88,480,825(c)</u>
Direct Debt Ratio	
: as a percentage of 2019 Assessed Valuation	6.56%
: as a percentage of 2020 Preliminary Valuation	6.12%
Direct and Estimated Overlapping Debt Ratio	
: as a percentage of 2019 Assessed Valuation	10.29%
: as a percentage of 2020 Preliminary Valuation	9.59%
Debt Service Fund Balance Estimated as of Delivery of the Bonds	\$ 7,265,873(d)
General Fund Balance at May 28, 2020	\$ 4,696,705
2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$0.53
Maintenance tax	<u>0.25</u>
Total	\$0.78/\$100 A.V.(e)

(a) As of January 1, 2019. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2020, as reflected on the District's preliminary 2020 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2020 value resulting from the construction of taxable improvements from January

1, 2019, through December 31, 2019. No taxes will be levied on this estimate. The District's ultimate 2020 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2020. See "TAXING PROCEDURES."

- (c) Excludes the Refunded Bonds. See "PLAN OF FINANCING." In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements that were due on March 1, 2020, and the contribution by the District of approximately \$165,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2020, which consist of principal of and interest on the Remaining Outstanding Bonds, are due on September 1, 2020, and total \$2,881,853. The District's initial debt service payment on the Bonds is due on March 1, 2021, and consists of a seven-month interest payment thereon.
- (e) The District has levied a total tax of \$0.78 per \$100 of Assessed Valuation for 2019, consisting of debt service and maintenance tax components of \$0.53 and \$0.25 per \$100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all units of government which levy taxes against the property located within the District is \$2.61 per \$100 of Assessed Valuation, which aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the Houston metropolitan area, although such aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have 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	<u>Debt as of May 1, 2020</u>	<u>Estimated Overlapping Percent</u>	<u>Amount</u>
Fort Bend County	\$559,527,527	1.207%	\$ 6,752,658
Fort Bend Independent School District	1,247,008,767	2.028	<u>25,283,167</u>
Total Estimated Overlapping Debt			\$32,035,825
The District (the Bonds and the Remaining Outstanding Bonds)			<u>56,445,000</u>
Total Direct & Estimated Overlapping Debt			<u>\$88,480,825</u>

Debt Ratios

	<u>% of 2019 Assessed Valuation</u>	<u>% of 2020 Preliminary Valuation</u>
Direct Debt	6.56%	6.12%
Direct and Estimated Overlapping Debt	10.29%	9.59%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District levied a maintenance tax of \$0.25 per \$100 of Assessed Valuation in 2019. See “TAX DATA - Maintenance Tax.”

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, less the debt service requirements on the Refunded Bonds, plus the principal and interest requirements of the Bonds.

<u>Year Ending December 31</u>	<u>Current Total Debt Service</u>	<u>Less: Debt Service on Refunded Bonds</u>	<u>Plus: – The Bonds –</u>		<u>Current Total New Debt Service Requirements</u>
			<u>Principal (Due 9/1)</u>	<u>Interest</u>	
2020	\$ 4,149,181	\$ 235,238			\$ 3,913,944
2021	4,146,631	470,475	\$ 5,000	\$ 376,133	4,057,290
2022	4,167,831	1,180,475	715,000	347,000	4,049,356
2023	4,181,531	1,929,175	1,495,000	318,400	4,065,756
2024	4,166,319	1,913,263	1,540,000	258,600	4,051,656
2025	4,163,444	1,091,138	775,000	197,000	4,044,306
2026	4,154,544	1,084,188	795,000	166,000	4,031,356
2027	4,152,319	1,086,513	810,000	150,100	4,025,906
2028	4,191,369	1,082,713	825,000	133,900	4,067,556
2029	4,189,894	947,988	705,000	117,400	4,064,306
2030	3,729,231	1,011,525	780,000	103,300	3,601,006
2031	4,346,931	2,652,025	2,420,000	87,700	4,202,606
2032	4,336,338	2,145,475	1,965,000	39,300	4,195,163
2033	4,430,819				4,430,819
2034	4,434,175				4,434,175
2035	4,416,731				4,416,731
2036	3,259,088				3,259,088
2037	3,352,738				3,352,738
2038	2,272,713				2,272,713
2039	2,301,900				2,301,900
2040	<u>2,266,650</u>				<u>2,266,650</u>
	<u>\$80,810,377</u>	<u>\$16,830,191</u>	<u>\$12,830,000</u>	<u>\$2,294,833</u>	<u>\$79,105,021</u>
Average Annual Requirements (2021-2037)					\$ 4,020,577
Maximum Annual Requirements (2034)					\$ 4,434,175

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted 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 (see "THE BONDS" and "INVESTMENT CONSIDERATIONS." The District levied a debt service tax of \$0.53 per \$100 of Assessed Valuation in 2019.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On April 7, 1984, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds and the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of \$0.25 per \$100 of Assessed Valuation in 2019.

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).
 Maintenance: \$0.25 per \$100 Assessed Valuation.

Historical Values and Tax Collection History

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Total Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ending 9/30</u>
2009	\$512,963,048	\$1.00	\$5,129,070	99.85%	2010
2010	503,925,181	1.03	5,190,429	99.83	2011
2011	498,980,009	1.03	5,139,494	99.82	2012
2012	472,827,715	1.07	5,059,257	99.80	2013
2013	489,440,111	1.05	5,139,121	99.79	2014
2014	534,000,435	1.05	5,607,005	99.79	2015
2015	610,824,679	0.95	5,802,834	99.80	2016
2016	679,466,136	0.89	6,047,249	99.75	2017
2017	739,571,210	0.82	6,064,484	99.62	2018
2018	783,108,794	0.80	6,264,870	99.60	2019
2019	860,130,446	0.78	6,709,017	98.21(c)	2020

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through May 31, 2020. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) As of May 31, 2020. In process of collection.

Tax Rate Distribution

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Service	\$0.53	\$0.55	\$0.57	\$0.64	\$0.70
Maintenance & Operations	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
Total	\$0.78	\$0.80	\$0.82	\$0.89	\$0.95

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

<u>Type of Property</u>	2019		2018		2017	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$147,509,900	17.15%	\$143,892,780	18.37%	\$137,454,830	18.59%
Improvements	755,014,715	87.78	682,070,629	87.08	649,938,731	87.88
Personal Property	11,027,530	1.28	10,709,270	1.37	9,833,640	1.33
Exemptions	<u>(53,421,699)</u>	<u>(6.21)</u>	<u>(53,421,081)</u>	<u>(6.82)</u>	<u>(57,655,991)</u>	<u>(7.80)</u>
Total	\$860,130,446	100.00%	\$783,251,598	100.00%	\$739,571,210	100.00%

<u>Type of Property</u>	2016		2015	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$134,453,000	19.79%	\$131,469,886	21.52%
Improvements	605,587,900	89.16	533,496,370	87.34
Personal Property	9,731,501	1.43	9,062,580	1.48
Exemptions	<u>(70,520,425)</u>	<u>(10.38)</u>	<u>(63,201,489)</u>	<u>(10.35)</u>
Total	\$679,251,976	100.00%	\$610,827,347	100.00%

Principal 2019 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2019. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2019.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2019 Tax Roll</u>	<u>% of 2019 Tax Roll</u>
2018-4 IH Borrower, LLP	Houses	\$8,671,450	1.09%
SRP Sub, LLC	Houses	7,244,060	0.84
American Residential Leasing Company	Houses	6,417,000	0.75
Centerpoint Energy	Utilities	5,291,340	0.62
ARP 2014-1 Borrower, LLC	Houses	3,591,440	0.42
AMH 2014-3 Borrower, LLC*	Houses	2,990,590	0.35
Investors of Golden Jubilee Group L	Commercial	2,905,580	0.34
Romeo Homes Texas, LLC	Houses	2,636,020	0.31
American Homes 4 Rent Properties Eight LLC	Houses	2,353,340	0.27
AMH 2014-1 Borrower, LLC*	Houses	<u>2,313,080</u>	<u>0.27</u>
		\$44,403,900	4.95%

* Related parties.

Exemptions

The District adopted an exemption of \$10,000 for persons 65 years or older or disabled persons for the 2019 tax year. The District did not adopt a general residential homestead exemption for the 2019 tax year. See “TAXING PROCEDURES.”

Portions of the land owned by HEL are undeveloped and at some future date could be used for agricultural purposes. Accordingly, the owner of such land could be entitled to have such land valued on the basis of its agricultural productivity (qualified open-space land), which would be a small fraction of its fair market value. HEL has waived, on behalf of themselves and their successors and assigns, any right to claim such valuation in future years. The waiver is binding for a period of 30 years.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2019 Assessed Valuation or the 2020 Preliminary Valuation. The calculations assume collection of 95% of taxes levied, no use of District funds on hand other than tax collections, and the sale of no bonds by the District except the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2021-2037)	\$4,020,577
Tax Rate of \$0.50 on the 2019 Assessed Valuation (\$860,130,446) produces	\$4,085,620
Tax Rate of \$0.46 on the 2020 Preliminary Valuation (\$923,031,937) produces	\$4,033,650
Maximum Annual Debt Service Requirement (2034)	\$4,434,175
Tax Rate of \$0.55 on the 2019 Assessed Valuation (\$860,130,446) produces	\$4,494,182
Tax Rate of \$0.51 on the 2020 Preliminary Valuation (\$923,031,937) produces	\$4,472,090

The District levied a total tax in 2019 of \$0.78 per \$100 of Assessed Valuation, consisting of debt service and maintenance tax components of \$0.53 and \$0.25 per \$100 of Assessed Valuation, respectively. As the above table indicates, the 2019 debt service tax rate will be sufficient to pay the average annual and the maximum annual debt service requirements on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Preliminary Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District has collected an average of 99.77% of its 2009 through 2018 tax levies as of May 31, 2020, and its 2019 levy was 98.21% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be approximately \$7,265,873 as of the date of the delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B - ANNUAL FINANCIAL REPORT”). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2019 - \$0.53 per \$100 of Assessed Valuation. However, 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 aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to the 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 2019 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions including the District.

<u>Taxing Jurisdiction</u>	<u>2019 Tax Rate Per \$100 of A.V.</u>
The District *	\$0.78
Fort Bend County	0.46
Fort Bend Independent School District	1.27
Fort Bend Emergency Services District No. 7	<u>0.10</u>
Total Tax Rate	<u>\$2.61</u>

* Consisting of debt service and maintenance tax components of \$0.53 and \$0.25 per \$100 of Assessed Valuation, respectively.

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Remaining Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS - Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond 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 of the District and the System and for the payment of certain contractual obligations. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the

“Appraisal District”) has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”).

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised 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 before July 1. The District has not granted a general residential homestead exemption for 2020. See “TAX DATA - Exemptions.”

Freeport Goods Exemption: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing,

manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.

Tax Abatement

Fort Bend County, the City of Houston or the City of Missouri City (as appropriate) may designate all or part of the area within the District as a reinvestment zone. Thereafter, either City (if it were to annex the area within its extraterritorial jurisdiction), Fort Bend 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. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all 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 for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, 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.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property 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. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment

agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

Rollback of Operation and Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, maintenance and operations tax rate and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION (UNAUDITED)" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

Low Tax Rate Districts

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed

by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax 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 a rollback election is called and passes, the total tax rate for Other Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Other District will be made on an annual basis, at the time a district sets its tax rate, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

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 May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

District's Rights in the Event of Tax Delinquencies

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

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

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Fort Bend County and the City of Houston also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 1,303 acres is 4,792 with a total estimated population of 16,000 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

Proceeds of the sale of the Prior Bonds and surplus funds were used to finance the District's cost of the acquisition or construction of components of the System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6 and Cambridge Falls, Sections 1 through 9 located within the District which have been developed as is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT." In addition, proceeds of the sale of the Prior Bonds were used to finance the District's cost of construction of an offsite outfall drainage channel and detention pond facilities; purchase of drainage channel right-of-way and detention pond sites; construction of an interim and a permanent wastewater treatment plant, water supply facilities, a District administration building, and emergency water interconnection lines connecting the District's water supply and distribution system with the water supply and distribution system of the adjoining Vicksburg Joint Powers Board, the City of Missouri City and Fort Bend County Freshwater Supply District No. 1 described below. Proceeds of the sale of the Prior Bonds were also used to finance, among other items, the District's cost of the acquisition or construction of the following recreational facilities: (a) M.R. Massey Park and Playground; (b) Estates of Teal Run Amenity; (c) Teal Run North Amenity; (d) Teal Run Amenity; (e) Winfield Lakes Park; (f) Andover Farms Park; (g) Detention Pond Drainage/Amenity Facilities; (h) enhancements to Teal Run Trail; (i) Winfield Lakes Tennis Courts; (j) Cambridge Falls Walking Trail; and (k) future park development on District land. As of the date hereof, the construction of recreational facilities is complete. In accordance with the rules of the TCEQ, the District expects to pay for the initial design of future recreational facilities with surplus operating revenues and finance the construction of such facilities with the proceeds of the issuance of bonds, if any, in the future.

In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The District is served by Water Plant No. 1, which consists of a 1,300 gallons-per-minute ("g.p.m.") water well and pump, a second water well with a capacity of 500 g.p.m., a 500,000 gallon ground storage tank, three 20,000 gallon hydropneumatic tanks, and 7,000 g.p.m. of booster pumps capacity, a control building, chlorination facilities, an auxiliary power unit, and related appurtenances; Water Plant No. 2, which includes a 1,300 g.p.m. water well, two 500,000 gallon ground storage tanks, a 15,000 gallon hydropneumatic tank, a 20,000 gallon hydropneumatic tank, and 6,400 g.p.m. of

booster pump capacity; and Remote Well No. 1, which includes a 1,300 g.p.m. water well. A second 500,000 gallon ground storage tank is currently under construction. The District financed all of such facilities, and emergency water interconnection lines connecting the District's water supply and distribution system with the water supply and distribution system of the adjoining Vicksburg Joint Powers Board, the City of Missouri City and Fort Bend Freshwater Supply District No. 1, with portions of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the aforementioned water supply facilities contain adequate capacity to provide service to 6,168 ESFCs. The District entered the "Regional Water and Wastewater Treatment Plant Trunklines, Drainage and Detention Agreement" dated May 1, 2004, as amended (the "Agreement"), with Fort Bend County Municipal Utility District No. 24 ("MUD No. 24"). Pursuant to the Agreement, the District's share of the regional water system capacity is 4,792 ESFCs with the remaining capacity being utilized by MUD No. 24. The District and MUD No. 24 have amended their regional facilities contract to add a third water plant and additional improvements to the regional water system to include an approximately 519 acre tract that has been annexed into MUD No. 24.

Wastewater Treatment

The District financed its costs associated with a 1,800,000 gallons-per-day ("g.p.d.") permanent wastewater treatment facility with a portion of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the facility contains adequate capacity to provide service to 6,000 ESFCs. Pursuant to the Agreement, MUD No. 24 purchased sufficient wastewater treatment plant capacity from the District to provide service to a number of ESFCs equal to 18% of the District's capacity (not to exceed 1,100 ESFCs).

Outfall Drainage Channel

Storm water from within the District generally drains through underground lines to detention ponds and/or ditch 'A', and outfalls to Long Point Creek. The District financed its portion of the cost of construction of two outfall drainage facilities, including outfall drainage channels and detention pond facilities, and its portion of the cost of rectification of Long Point Creek with portions of the proceeds of the sale of the Prior Bonds.

100-Year

According to the Engineer, the Flood Insurance Rate Map (FIRM) panel (48157C0315L) published by the Federal Emergency Management Agency (FEMA) effective April 2, 2014, which includes all land within the District, shows that areas within the District which are located within the 100-year flood plain are contained within detention ponds and drainage easements.

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Fort Bend Subsidence District

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the “Plan”) to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District’s jurisdiction. Under the Plan, the District was required to have a groundwater reduction plan approved by the Subsidence District by the beginning date of the District’s permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District’s total water demand. Additional disincentive fees were to have been imposed under the Plan if the District’s groundwater withdrawal exceeded 70% of the District’s total water demand beginning January 2013, and exceeds 40% of the District’s total water demand beginning January 2025.

The District may comply with the Plan’s requirements either individually or collectively with other groundwater user(s) within the Subsidence District. The District has joined the City of Missouri City’s Groundwater Reduction Plan (the “GRP”). The current GRP fee is \$1.72 per 1,000 gallons of water consumed. The District expects to incur costs on an ongoing basis necessary to comply with the Plan, but the District cannot predict and makes no representation as to the amount of such costs. The District may pass such costs through to its customers in higher water rates or with portions of its maintenance tax proceeds. In addition, the issuance of additional bonds by the District in an undetermined amount and improvements to the District water supply system may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in a regional surface water effort.

The District cannot predict the level of the disincentive fee or any other fees or charges ultimately adopted by the Subsidence District. The disincentive fee is expected to be substantial and the District expects that it would need to pass such a fee through to its customers in higher water rates or with portions of its maintenance tax proceeds if it were unable to comply with the groundwater reduction plan deadline or the conversion deadlines contained in the Plan.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, the City of Missouri City, Texas, or any entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the single-family residential development and home construction industries 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 land located within the District which has been developed to date has been developed primarily for single-family residential purposes. Therefore, the rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see “Potential Effects of Oil Price Declines on the Houston Area” below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices

thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Decreased levels of home construction activity would restrict the growth of property values in the District. Although, as described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT,” as of May 15, 2020, (i) the development of an aggregate of 4,597 single-family residential lots within the District had been completed, and (ii) the District contained 4,597 residences, plus a gasoline service station and convenience store, a fast food restaurant, a Walgreens Drug Store, a grocery store, and three retail shopping centers, the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “TAXING PROCEDURES.”

National Economy: There has been a downturn in new housing construction in the United States, resulting in a decline in national housing market values. Although, as described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT,” as of May 15, 2020, (i) the development of an aggregate of 4,597 single-family residential lots within the District had been completed, and (ii) the District contained 4,597 residences, plus a gasoline service station and convenience store, a fast food restaurant, a Walgreens Drug Store, a grocery store, and three retail shopping centers, the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing market and a continued downturn in the national housing and financial markets may have on the Houston market generally and the District specifically. See “TAXING PROCEDURES.”

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage funding have a direct impact on homebuilding activity, particularly short-term interest rates at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued home construction within the District. In addition, since the District is located approximately 20 miles southwest from the central downtown business district of the City of Houston, the growth of District taxable property values is, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect homebuilding plans in the District and restrain the growth of the District’s property tax base.

Principal Land Owners’ Obligations to the District: There is no commitment by or legal requirement of HEL, the owner of approximately 12 acres of currently undeveloped land located within the District that are available for future development, or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, and there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See “FUTURE DEVELOPMENT,” “TAX DATA - Analysis of Tax Base” and - “Exemptions,” and “TAXING PROCEDURES - Valuation of Property for Taxation.”

Maximum Impact on District Tax Rates: The value of the land and improvements currently within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The 2019 Assessed Valuation of property located within the District is \$860,130,446. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds will be \$4,434,175 (2034) and the average annual debt service requirements will be \$4,020,577 (2021 through 2037, inclusive). Assuming no increase to, nor decrease from, the 2019 Assessed Valuation, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District, tax rates of \$0.55 and \$0.50 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Remaining Outstanding Bonds. The 2020 Preliminary Valuation of property located within the District is \$923,031,937.

Assuming no increase to, nor decrease from, the 2019 Assessed Valuation, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District, tax rates of \$0.51 and \$0.46 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Remaining Outstanding Bonds. The District levied a total tax of \$0.78 per \$100 of Assessed Valuation for 2019 consisting of debt service and maintenance tax components of \$0.53 and \$0.25 per \$100 of Assessed Valuation, respectively. Therefore, the 2019 debt service tax rate will be sufficient to pay the average annual and the maximum annual debt service requirements on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Preliminary Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District. See "TAXING PROCEDURES." In addition, as is illustrated in "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.77% of its 2009 through 2018 tax levies as of May 31, 2020, and its 2019 levy was 98.21% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be approximately \$7,265,873 as of the date of the delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2019 - \$0.53 per \$100 of Assessed Valuation. However, 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 aforementioned tax rate or to justify continued payment of taxes by property owners. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all units of government which levy taxes against the property located within the District is \$2.61 per \$100 of Assessed Valuation, which aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the Houston metropolitan area, although such aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Increases in the District's tax rate to substantially higher levels than the total rate of \$0.78 per \$100 of Assessed Valuation that the District levied in 2019 may have an adverse impact upon future development of the District, the construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes" and "TAXING PROCEDURES."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. 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.

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 provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages so that in the absence of waivers of such immunity by the Texas Legislature, a default by the District in its covenant in the Bond Resolution may not be reduced to a judgment for money damages. Even if 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 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

The District may not be placed into bankruptcy involuntarily.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes.

Marketability

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 generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Future Debt

The District has the right to issue the remaining \$17,890,000 authorized but unissued bonds for waterworks, wastewater, and drainage facilities, \$7,892,653.22 authorized but unissued refunding bonds and \$3,250,000 authorized but unissued bonds for recreational facilities (see “THE BONDS - Issuance of Additional Debt”), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining \$17,890,000 in bonds for waterworks, wastewater, and drainage facilities that have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$17,890,000 in bonds for waterworks, wastewater, and drainage facilities is also subject to TCEQ authorization. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance its portion of the cost of acquisition or construction of additional components of the System, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future, including its approximately \$3,250,000 Unlimited Tax Park Bonds, Series 2021 and approximately \$4,920,000 Unlimited Tax Bonds, Series 2021 which the District anticipates issuing in approximately the first quarter of 2021. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.” Since the District has not financed all components of its System necessary to complete construction of the System, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. If additional Bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has adopted a master parks plan, and voters of the District have approved the issuance of \$8,800,000 parks and recreational facilities bonds. The District issued its Series 2008 Bonds and Series 2015B Park Bonds to finance recreational facilities. Before the District could issue parks and recreational facilities bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. When the District issues parks and recreational facilities bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has spent and intends to continue to spend surplus operating funds for the development of parks and other recreational facilities in the District.

The District called an election on November 5, 2019, for the purpose of authorizing the issuance of \$10,000,000 in unlimited tax bonds for construction and acquisition of roads to serve the District and for refunding of such bonds. However, the election failed to pass by a 2/3 majority of the votes cast in the election. The District may call a future road bond election.

Competitive Nature of Houston Markets

The housing industry in the Houston area is very competitive, and the District can give no assurance that any future development or homebuilding activity within the District will occur. Any developer(s) or home builder(s) which might attempt future home building or development projects in the District in the sale of developed lots or in the construction and sale of single-family residential units are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

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 of 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 does not pass upon or guarantee the security of the Bonds as an investment, or the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

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

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

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

Air Quality Issues

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

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

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

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

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

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

Water Supply & Discharge Issues

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface

water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for and received coverage under the MS4 Permit from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

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

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

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

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

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.

Tropical Weather Events

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

The greater Houston area, including the District, has experienced four storms exceeding a 0.2% probability (i.e. "500 Year Flood" events) since 2015. The most recent event was Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator and Engineer, there was no interruption of water and sewer service during or immediately after the storm, and there was no material damage to the District's system. However, the District's Operator did report damage to sanitary sewer manholes near the wastewater treatment plant and a sink hole near lift station no. 2. Further, according to the District's Operator and Engineer, approximately 8 to 10 homes within the District experienced flooding or other material damage.

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

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.

Infectious Disease Outlook (COVID-19)

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

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on slowing the spread of COVID-19 by limiting instances where the public can congregate or interact with each other, which affects economic conditions within Texas.

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

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

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

Potential Effects of Oil Price Declines on the Houston Area

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State 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, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," except for the information under the subheading "Book-Entry-Only System," "PLAN OF FINANCING - The Refunded Bonds," "Payment of the Refunded Bonds," "THE DISTRICT - Management of the District - Attorney," "TAXING PROCEDURES," "LEGAL MATTERS - Legal Opinions," "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 either 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, other than the matters discussed immediately above.

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. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas. McCall, Parkhurst & Horton L.L.P. has previously represented the District as Disclosure Counsel on certain new money financings.

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 and 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, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriter to take up 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

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

The 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 bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond 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 Robert Thomas CPA, LLP, Verification Agent (the "Report"), 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 the Report 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.

The Code also imposes a twenty percent (20%) alternative minimum tax on the “alternative minimum taxable income” of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than an S corporation, regulated investment company, REIT, REMIC or FASIT) includes seventy-five percent (75%) of the amount by which its “adjusted current earnings” exceeds its other “alternative minimum taxable income.” Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's “adjusted current earnings,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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 on interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the IRS. Additionally, backup withholding may apply to 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 receipt or accrual of interest on, or acquisition, ownership, 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.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLP, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the amounts deposited with Paying Agent for the Refunded Bonds to pay, when due, the principal or redemption price of and interest on the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416.

Robert Thomas CPA, LLP relied on the accuracy, completeness and reliability of all information provide to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLP has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLP was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

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 that was obtained from sources other than the District. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the fiscal year ended December 31, 2019, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants has consented to the publication of such financial statements in this Official Statement.

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" and "THE SYSTEM" has been provided by LJA Engineering, Inc. 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 sections captioned "DISTRICT DEBT" and "TAX DATA" was provided Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest, Inc.'s authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

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, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, 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 upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

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") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B - Annual Financial Report." The District will update and provide this information within six months after the end of each of its fiscal years ending in and after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements 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 on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, 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

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners and Beneficial Owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating so provided.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

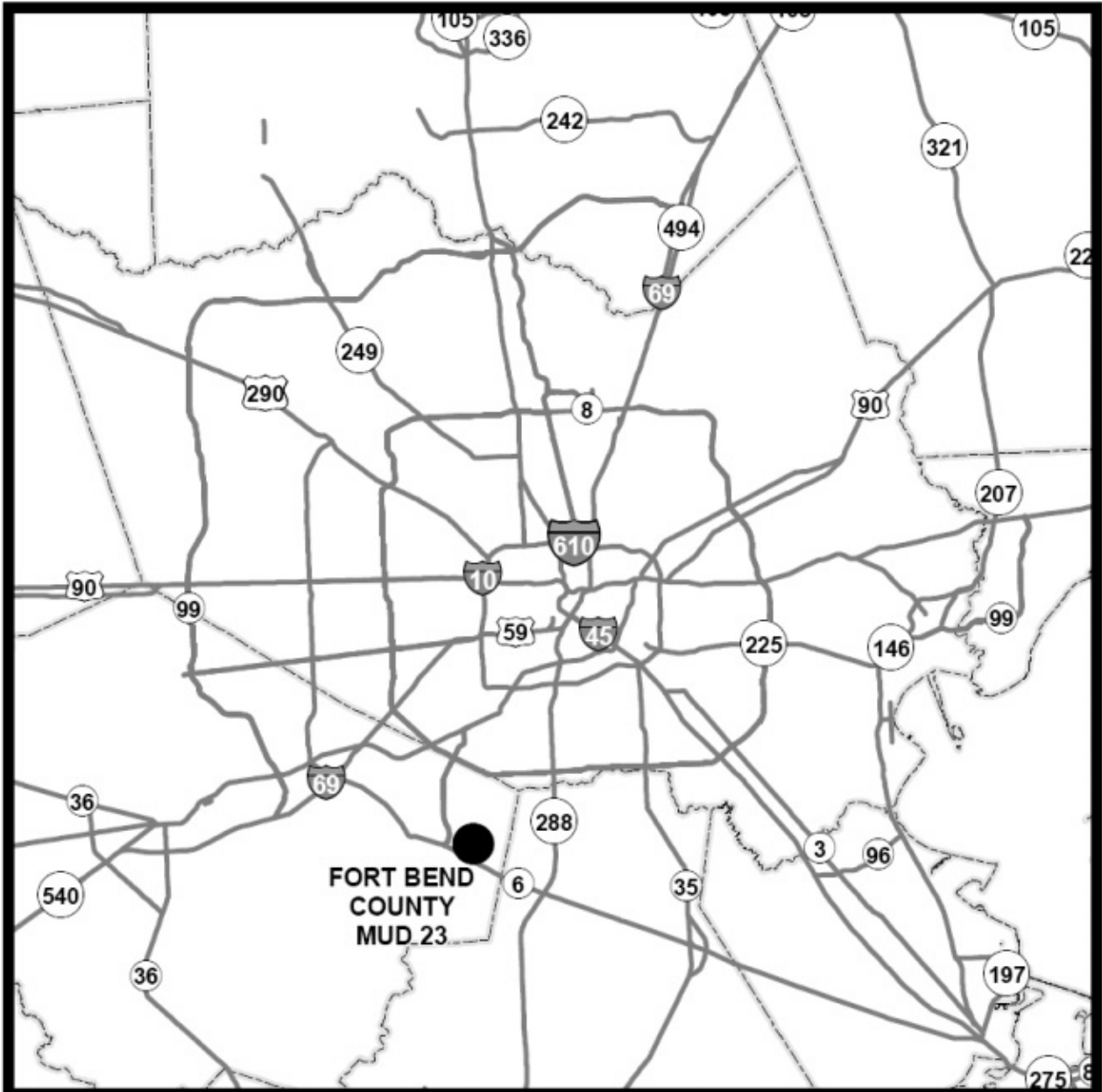
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 23 as of the date shown on the first page hereof.

/s/ William Thomas
President, Board of Directors
Fort Bend County Municipal Utility District No. 23

ATTEST:

/s/ Ellen Hughes
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 23

APPENDIX A
LOCATION MAP



APPENDIX B

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
FORT BEND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND	34-35
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	37-39
GENERAL FUND EXPENDITURES	40-41
INVESTMENTS	42
TAXES LEVIED AND RECEIVABLE	43-44
LONG-TERM DEBT SERVICE REQUIREMENTS	45-54
CHANGES IN LONG-TERM BOND DEBT	55-57
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	58-61
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	62-63

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 23
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 23 (the "District"), as of and for the year ended December 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked “Unaudited” on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 26, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Management’s discussion and analysis of Fort Bend County Municipal Utility District No. 23’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for the financial resources collected and administered by the District for operation of the regional water and wastewater facilities.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

FUND FINANCIAL STATEMENTS (Continued)

The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund and the Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$2,742,069 as of December 31, 2019.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 17,019,668	\$ 17,659,984	\$ (640,316)
Capital Assets (Net of Accumulated Depreciation)	45,879,913	47,452,742	(1,572,829)
Total Assets	\$ 62,899,581	\$ 65,112,726	\$ (2,213,145)
Deferred Outflows of Resources	\$ 1,358,071	\$ 1,479,246	\$ (121,175)
Due to Developer	\$ 920,515	\$ 920,515	\$
Long -Term Liabilities	55,687,051	57,864,935	2,177,884
Other Liabilities	3,677,689	4,391,955	714,266
Total Liabilities	\$ 60,285,255	\$ 63,177,405	\$ 2,892,150
Deferred Inflows of Resources	\$ 6,714,466	\$ 6,272,780	\$ (441,686)
Net Position:			
Net Investment in Capital Assets	\$ (10,448,697)	\$ (10,776,402)	\$ 327,705
Restricted	3,593,063	3,409,336	183,727
Unrestricted	4,113,565	4,508,853	(395,288)
Total Net Position	\$ (2,742,069)	\$ (2,858,213)	\$ 116,144

The following table provides a summary of the District's operations for the years ended December 31, 2019, and December 31, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,265,569	\$ 6,078,879	\$ 186,690
Charges for Services	3,275,925	3,378,616	(102,691)
Other Revenues	474,756	535,249	(60,493)
Total Revenues	\$ 10,016,250	\$ 9,992,744	\$ 23,506
Expenses for Services	9,900,106	9,487,249	(412,857)
Change in Net Position	\$ 116,144	\$ 505,495	\$ (389,351)
Net Position, Beginning of Year	(2,858,213)	(3,363,708)	505,495
Net Position, End of Year	\$ (2,742,069)	\$ (2,858,213)	\$ 116,144

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2019, were \$8,787,937, a decrease of \$335,507 from the prior year.

The General Fund fund balance decreased by \$367,837, primarily due to operating expenditures exceeding service revenues.

The Debt Service Fund fund balance increased by \$138,505, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by \$106,175, primarily due to capital expenditures paid with bond proceeds received in a prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were \$38,986 more than budgeted revenues. Actual expenditures were \$325,676 more than budgeted expenditures.

CAPITAL ASSETS

The District's capital assets as of December 31, 2019, amount to \$45,879,913 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems. Current year additions included WWTP bar screen replacement, Trammel Fresno Road utility lowering, installation of doors at the administration building and 200 hp well motor at Water Plant No. 1. Construction in progress at year-end relates to Water Plant Nos. 1 and 2 recoating, water supply improvements and WWTP oxidation ditch repair.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,341,278	\$ 3,341,278	\$
Construction in Progress	267,183	584,520	(317,337)
Capital Assets, Net of Accumulated Depreciation:			
Administration Building and Park Improvements	1,588,174	1,771,101	(182,927)
Water System	7,139,527	7,444,923	(305,396)
Wastewater System	11,800,119	11,827,142	(27,023)
Drainage System	21,743,632	22,483,778	(740,146)
Total Net Capital Assets	\$ 45,879,913	\$ 47,452,742	\$ (1,572,829)

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$56,505,000.

The changes in the debt position of the District during the fiscal year ended December 31, 2019, are summarized as follows:

Bond Debt Payable, January 1, 2019	\$ 58,540,000
Less: Bond Principal Paid	<u>2,035,000</u>
Bond Debt Payable, December 31, 2019	<u>\$ 56,505,000</u>

The District’s Bonds issued prior to the fiscal year 2017, carry an underlying rating of “BBB+” from Standard & Poor’s (“S&P”). The Series 2017, 2017A and 2017B Bonds carry an underlying rating of “A2” from Moody’s.

The Series 2012 Refunding Bonds carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

The Series 2013 Refunding, Series 2014 Refunding, Series 2016 Refunding, Series 2017 Refunding, and Series 2017A Refunding Bonds carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Build America Mutual.

The Series 2015A and Series 2015B Bonds carry insured ratings of “AA” from S&P by virtue of bond insurance issued by Municipal Assurance Corp.

The Series 2017B Bonds do not carry an insured rating.

These above ratings reflect all changes, if any, as of December 31, 2019.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 23, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2019

	General Fund	Special Revenue Fund
ASSETS		
Cash	\$ 638,966	\$ 69,748
Investments	3,253,335	
Receivables:		
Property Taxes	503,881	
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of \$20,000)	484,196	
Accrued Interest	26,305	
Other	42,666	
Due from Other Funds	1,628,135	80,792
Prepaid Costs	49,305	
Due from Other Governmental Units	60,884	14,257
Advance for Joint Operations	66,646	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 6,754,319	\$ 164,797
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,754,319	\$ 164,797

The accompanying notes to the financial
statements are an integral part of this report.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 5,391,038	\$ 7,450	\$ 6,107,202	\$	\$ 6,107,202
3,856,176	998,011	8,107,522		8,107,522
1,092,188		1,596,069		1,596,069
			64,060	64,060
		484,196		484,196
59,246	937	86,488		86,488
780		43,446		43,446
1,413		1,710,340	(1,710,340)	
		49,305	394,315	443,620
	11,924	87,065		87,065
		66,646	(66,646)	
			3,341,278	3,341,278
			267,183	267,183
			42,271,452	42,271,452
<u>\$ 10,400,841</u>	<u>\$ 1,018,322</u>	<u>\$ 18,338,279</u>	<u>\$ 44,561,302</u>	<u>\$ 62,899,581</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,358,071</u>	<u>\$ 1,358,071</u>
<u>\$ 10,400,841</u>	<u>\$ 1,018,322</u>	<u>\$ 18,338,279</u>	<u>\$ 45,919,373</u>	<u>\$ 64,257,652</u>

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2019

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	\$ 341,511	\$ 83,522
Accrued Interest Payable		
Due to Developer		
Due to Other Funds	82,205	
Due to Voluntary Services	30,624	
Security Deposits	428,657	
Advance for Joint Operations		81,275
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 882,997	\$ 164,797
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 2,193,835	\$ -0-
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 49,305	\$
For Joint Operations	66,646	
Restricted for Authorized Construction		
Restricted for Debt Service		
Unassigned	3,561,536	
TOTAL FUND BALANCES	\$ 3,677,487	\$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,754,319	\$ 164,797
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 5,686	\$ 430,719	\$	\$ 430,719
			688,060	688,060
			920,515	920,515
1,621,384	6,751	1,710,340	(1,710,340)	
		30,624		30,624
		428,657		428,657
		81,275	(66,646)	14,629
			2,085,000	2,085,000
			55,687,051	55,687,051
<u>\$ 1,621,384</u>	<u>\$ 12,437</u>	<u>\$ 2,681,615</u>	<u>\$ 57,603,640</u>	<u>\$ 60,285,255</u>
<u>\$ 4,674,892</u>	<u>\$ -0-</u>	<u>\$ 6,868,727</u>	<u>\$ (154,261)</u>	<u>\$ 6,714,466</u>
\$	\$	\$ 49,305	\$ (49,305)	\$
		66,646	(66,646)	
	1,005,885	1,005,885	(1,005,885)	
4,104,565		4,104,565	(4,104,565)	
		3,561,536	(3,561,536)	
<u>\$ 4,104,565</u>	<u>\$ 1,005,885</u>	<u>\$ 8,787,937</u>	<u>\$ (8,787,937)</u>	<u>\$ -0-</u>
<u>\$ 10,400,841</u>	<u>\$ 1,018,322</u>	<u>\$ 18,338,279</u>		
			\$ (10,448,697)	\$ (10,448,697)
			3,593,063	3,593,063
			4,113,565	4,113,565
			<u>\$ (2,742,069)</u>	<u>\$ (2,742,069)</u>

The accompanying notes to the financial statements are an integral part of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

Total Fund Balances - Governmental Funds \$ 8,787,937

Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 394,315

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 45,879,913

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 1,358,071

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District. 218,321

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (920,515)	
Accrued Interest Payable	(688,060)	
Bonds Payable	<u>(57,772,051)</u>	<u>(59,380,626)</u>
Total Net Position - Governmental Activities		<u>\$ (2,742,069)</u>

The accompanying notes to the financial statements are an integral part of this report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	\$ 1,952,484	\$
Water Service	1,008,929	
Wastewater Service	1,124,424	
Joint Water and Wastewater Service		1,263,192
Penalty and Interest	116,458	
Sales Tax Revenue	45,388	
Tap Connection and Inspection Fees	59,420	
Investment Revenues	98,852	183
Ground Water Reduction Fees	745,266	
Parks and Recreational	31,624	
Miscellaneous Revenues	41,891	39,195
TOTAL REVENUES	\$ 5,224,736	\$ 1,302,570
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 295,193	\$ 30,179
Contracted Services	1,863,555	79,113
Purchased Water and Wastewater Service	1,091,719	
Utilities	34,418	198,385
Repairs and Maintenance	1,147,724	653,120
Ground Water Reduction Assessments	743,825	
Parks and Recreational	182,612	
Depreciation		
Other	219,494	297,391
Capital Outlay	14,033	44,382
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	\$ 5,592,573	\$ 1,302,570
NET CHANGE IN FUND BALANCES	\$ (367,837)	\$ -0-
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2019	4,045,324	
FUND BALANCES/NET POSITION - DECEMBER 31, 2019	\$ 3,677,487	\$ -0-

The accompanying notes to the financial statements are an integral part of this report.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 4,294,897	\$	\$ 6,247,381	\$ 18,188	\$ 6,265,569
		1,008,929		1,008,929
		1,124,424		1,124,424
		1,263,192	(1,091,719)	171,473
37,874		154,332	12,081	166,413
		45,388		45,388
		59,420		59,420
117,949	23,228	240,212		240,212
		745,266		745,266
		31,624		31,624
	76,446	157,532		157,532
<u>\$ 4,450,720</u>	<u>\$ 99,674</u>	<u>\$ 11,077,700</u>	<u>\$ (1,061,450)</u>	<u>\$ 10,016,250</u>
\$ 11,646	\$ 2,435	\$ 339,453	\$	\$ 339,453
116,298		2,058,966		2,058,966
		1,091,719	(1,091,719)	
		232,803		232,803
		1,800,844		1,800,844
		743,825		743,825
		182,612		182,612
			1,834,477	1,834,477
22,253	181	539,319		539,319
	203,233	261,648	(261,648)	
2,035,000		2,035,000	(2,035,000)	
2,127,018		2,127,018	40,789	2,167,807
<u>\$ 4,312,215</u>	<u>\$ 205,849</u>	<u>\$ 11,413,207</u>	<u>\$ (1,513,101)</u>	<u>\$ 9,900,106</u>
\$ 138,505	\$ (106,175)	\$ (335,507)	\$ 335,507	\$
			116,144	116,144
<u>3,966,060</u>	<u>1,112,060</u>	<u>9,123,444</u>	<u>(11,981,657)</u>	<u>(2,858,213)</u>
<u>\$ 4,104,565</u>	<u>\$ 1,005,885</u>	<u>\$ 8,787,937</u>	<u>\$ (11,530,006)</u>	<u>\$ (2,742,069)</u>

The accompanying notes to the financial statements are an integral part of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$	(335,507)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		18,188
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		12,081
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(1,834,477)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		261,648
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		2,035,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(40,789)
Change in Net Position - Governmental Activities	\$	<u>116,144</u>

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 23 (the “District”) was created by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective February 15, 1978. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, upon approval by the Commission and voters of the District to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on January 4, 1984, and the first bonds were sold on November 15, 1984.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District participates in a joint venture for the operation of a regional water and wastewater treatment plant (the “Plant”). Since the District owns and operates the Plant for the benefit of the participants, the Plant’s operations are accounted for in the Special Revenue Fund of the District, see Note 10. The District does not issue separate financial statements for the Plant.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net assets consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of the regional water and wastewater facilities.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include 2018 taxes collected during the period October 1, 2018, to December 31, 2019. In addition, taxes collected from January 1, 2019, to December 31, 2019 for the 2017 and prior tax levies are included in revenue. The 2019 tax levy has been fully deferred.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund present the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net Position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (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 balance. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3. LONG-TERM DEBT

The District's bonds payable at December 31, 2019, consists of the following unlimited tax bonds:

	<u>Refunding Series 2012</u>	<u>Refunding Series 2013</u>	<u>Refunding Series 2014</u>
Amount Outstanding - December 31, 2019	\$ 6,215,000	\$ 8,050,000	\$ 8,440,000
Interest Rates	3.00%-3.375%	3.00%-4.00%	3.00%-4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2032	September 1, 2020/2032	September 1, 2020/2035
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2019*	September 1, 2020*	September 1, 2021*
	<u>Series 2015A</u>	<u>Series 2015B</u>	<u>Refunding Series 2016</u>
Amount Outstanding - December 31, 2019	\$ 4,190,000	\$ 3,550,000	\$ 7,825,000
Interest Rates	2.00%-3.50%	3.375%-3.50%	3.00%-4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2040	September 1, 2036/2040	September 1, 2020/2035
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2015A term bonds due September 1, 2030, September 1, 2036, and September 1, 2040 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2015B term bonds due September 1, 2040, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2016 Refunding term bonds due September 1, 2033 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1, 2032.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Refunding Series 2017</u>	<u>Refunding Series 2017A</u>	<u>Series 2017B</u>
Amount Outstanding - December 31, 2019	\$ 7,145,000	\$ 8,950,000	\$ 2,140,000
Interest Rates	2.00%-4.00%	2.00%-4.00%	3.375%-3.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2037	September 1, 2020/2029	September 1, 2038/2040
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2017 Refunding term bonds due September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032 and September 1, 2036, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

The following is a summary of transactions regarding long-term liabilities for the year ended December 31, 2019:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
Bonds Payable	\$ 58,540,000	\$	\$ 2,035,000	\$ 56,505,000
Unamortized Discounts	(311,018)		(31,542)	(279,476)
Unamortized Premiums	1,670,953		124,426	1,546,527
Total Long-Term Liabilities	<u>\$ 59,899,935</u>	<u>\$ -0-</u>	<u>\$ 2,127,884</u>	<u>\$ 57,772,051</u>
		Amount Due Within One Year		\$ 2,085,000
		Amount Due After One Year		<u>55,687,051</u>
		Total Long-Term Liabilities		<u>\$ 57,772,051</u>

As of December 31, 2019, the District had authorized but unissued bonds in the amount of \$17,890,000 in tax bonds, \$8,427,046 in refunding bonds and \$3,250,000 in park and recreational facilities bonds.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 2,085,000	\$ 2,064,182	\$ 4,149,182
2021	2,135,000	2,011,631	4,146,631
2022	2,210,000	1,957,832	4,167,832
2023	2,290,000	1,891,531	4,181,531
2024	2,350,000	1,816,319	4,166,319
2025-2029	13,135,000	7,716,567	20,851,567
2030-2034	16,260,000	5,017,494	21,277,494
2035-2039	13,850,000	1,753,169	15,603,169
2040	2,190,000	76,650	2,266,650
	<u>\$ 56,505,000</u>	<u>\$ 24,305,375</u>	<u>\$ 80,810,375</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended December 31, 2019, the District levied an ad valorem debt service tax at the rate of \$0.53 per \$100 of assessed valuation, which resulted in a tax levy of \$4,562,394 on the adjusted taxable valuation of \$860,828,894 for the 2019 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

All property values and exempt status, if any, are determined by the 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that all investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the monies for such investments were taken; provided, however, at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. In accordance with this provision, the earnings in each fund have been retained by the fund making the investment.

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain financial repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

For the \$9,610,000 Series 2012 Refunding bond issue, the \$9,390,000 Series 2013 Refunding bond issue, the \$9,565,000 Series 2014 Refunding bond issue, the \$4,240,000 Series 2015A bond issue, \$3,550,000 Series 2015B Park bond issue, \$8,085,000 Series 2016 Refunding bond issue, \$7,225,000 Series 2017 Refunding bond issue, \$9,050,000 Series 2017A Refunding bond issue, and \$2,140,000 Series 2017B bond issue the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$11,366,440 and the bank balance was \$11,434,128. The District was not exposed to custodial credit risk at year-end.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2019, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 638,966	\$ 2,092,723	\$ 2,731,689
SPECIAL REVENUE FUND	69,748		69,748
DEBT SERVICE FUND	5,391,038	2,926,515	8,317,553
CAPITAL PROJECTS FUND	<u>7,450</u>	<u>240,000</u>	<u>247,450</u>
TOTAL DEPOSITS	<u>\$ 6,107,202</u>	<u>\$ 5,259,238</u>	<u>\$ 11,366,440</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District also invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities, Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR. As of December 31, 2019, the District had the following investments and maturities:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
TexPool	\$ 496,317	\$ 496,317
TexSTAR	664,295	664,295
Certificates of Deposit	2,092,723	2,092,723
<u>DEBT SERVICE FUND</u>		
TexSTAR	929,661	929,661
Certificates of Deposit	2,926,515	2,926,515
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	758,011	758,011
Certificates of Deposit	<u>240,000</u>	<u>240,000</u>
TOTAL INVESTMENTS	<u>\$ 8,107,522</u>	<u>\$ 8,107,522</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2019, the District’s investments in TexPool and TexSTAR Fund were rated AAAM by Standard and Poor’s. The District manages credit risk by investing in certificates of deposit with maturities of approximately one-year or less.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District manages interest rate risk by investing in certificates of deposit with maturities of approximately one-year or less.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional water and wastewater treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019:

	January 1, 2019	Increases	Decreases	December 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,341,278	\$	\$	\$ 3,341,278
Construction in Progress	<u>584,520</u>	<u>261,648</u>	<u>578,985</u>	<u>267,183</u>
Total Capital Assets Not Being Depreciated	<u>\$ 3,925,798</u>	<u>\$ 261,648</u>	<u>\$ 578,985</u>	<u>\$ 3,608,461</u>
Capital Assets Subject to Depreciation				
Administration Building and Park Improvements	\$ 3,354,809	\$ 14,033	\$	\$ 3,368,842
Water System	13,176,438	96,257		13,272,695
Wastewater System	18,538,556	466,114		19,004,670
Drainage System	<u>33,311,116</u>	<u>2,581</u>		<u>33,313,697</u>
Total Capital Assets Subject to Depreciation	<u>\$ 68,380,919</u>	<u>\$ 578,985</u>	<u>\$ - 0 -</u>	<u>\$ 68,959,904</u>
Less Accumulated Depreciation				
Administration Building and Park Improvements	\$ 1,583,708	\$ 196,960	\$	\$ 1,780,668
Water System	5,731,515	401,653		6,133,168
Wastewater System	6,711,414	493,137		7,204,551
Drainage System	<u>10,827,338</u>	<u>742,727</u>		<u>11,570,065</u>
Total Accumulated Depreciation	<u>\$ 24,853,975</u>	<u>\$ 1,834,477</u>	<u>\$ - 0 -</u>	<u>\$ 26,688,452</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,526,944</u>	<u>\$ (1,255,492)</u>	<u>\$ - 0 -</u>	<u>\$ 42,271,452</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 47,452,742</u>	<u>\$ (993,844)</u>	<u>\$ 578,985</u>	<u>\$ 45,879,913</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7. MAINTENANCE TAX

At an election held on April 7, 1984, the voters of the District authorized the levy and collection of an annual maintenance tax for the operation and maintenance of the District's improvements in an amount not to exceed \$0.25 per \$100 of assessed valuation. A maintenance tax is to be used by the General Fund to pay the expenditures of operating and maintaining the District's waterworks, sanitary sewer, and drainage system. During the year ended December 31, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$2,152,072 on the taxable valuation of \$860,828,894 for the 2019 tax year. Revenue from the 2019 tax levy has been deferred until the 2020 fiscal year.

NOTE 8. EMERGENCY WATER SUPPLY CONTRACTS

On November 3, 2003, the District executed an agreement with the Vicksburg Joint Powers Board and the City of Missouri City, Texas. The District agreed to construct at its sole cost an interconnect waterline to connect to an existing 12-inch waterline owned by the City. The meter for the interconnect facility and the waterline on the District's side of the meter will be owned by the District and the cost of maintenance at the point of connection including the meter and meter vault will be shared by the three parties. The District is required to calibrate the meter once a year. In accordance to the provisions of a separate agreement with the Fort Bend Independent School District, the District agreed to pay the school district \$24,649 for the oversizing of the City's waterline up to the point of connection. The rate charged for water under this agreement will be \$1.00 per 1,000 gallons of water supplied plus the cost of any pumpage fees imposed on the supplying party by a governmental entity. The term of the contract will be for a period of 40 years from the date of the agreement. On October 27, 2011, the District approved the assignment of this contract to the City. The City executed the assignment on December 19, 2011.

On May 23, 2006, the District entered into an Emergency Water Supply Agreement with Fort Bend County Fresh Water Supply District No. 1 (District No. 1). District No. 1 will be responsible for all costs associated with construction of such water interconnect facilities to be connected to District's system. The rates to be charged by each district for emergency water service shall be \$1.00 per 1,000 gallons plus any per 1,000 gallon pumpage fee that may be imposed on the supplying district by a governmental entity, including but not limited to the City of Missouri City or a regional water authority. The term of this agreement is 40 years from the execution date of the agreement.

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 natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10. REGIONAL WATER AND WASTEWATER TREATMENT PLANT, TRUNKLINES, DRAINAGE AND DETENTION AGREEMENT

On May 1, 2004, the District entered into the Regional Water and Wastewater, Trunklines, Drainage and Detention Agreement (the "Agreement") with Fort Bend County Municipal Utility District No. 24 ("District No. 24"). On April 12, 2005, Amendment No. 1 and Amendment No. 2 to the Agreement were approved. On January 1, 2009, Amendment No. 3 to the agreement was approved. On February 25, 2010, Amendment No. 4 to the agreement was approved. On March 28, 2019, Amendment No. 5 to the agreement was approved. The District owns and operates a water plant and wastewater treatment plant, a water distribution system, a wastewater collection system and a drainage system which has been funded by the sale of District bonds.

The District holds legal title to the regional water and wastewater plant and plant sites for the benefit of the districts. The District is responsible for operating the regional facilities. The Agreement calls for the District to establish the Regional Project Operating Account. In order to establish the initial balance in the account, each district provided a deposit in an amount equal to three month's expenses. This account was established in the amount of \$81,275. The District's portion of this advance for operations is \$66,646 and District No. 24's portion is \$14,629. The District generates monthly billings related to the regional facilities based upon each district's proportionate share as outlined in the Agreement. During the year ended December 31, 2019, the District's share of monthly billings was \$1,091,719 and District No. 24's share was \$171,473.

The term of the agreement is 50 years. Thereafter, the Agreement shall be renewed for successive one-year terms unless the City of Houston (or its successors or assigns) annexes or dissolves one or both districts.

NOTE 11. JOINT GROUNDWATER REDUCTION PLAN PARTICIPATION AGREEMENT

On July 1, 2008, the District entered into the Joint Groundwater Reduction Plan Participation Agreement (the "Agreement"). The Agreement is with the City of Missouri City, Texas (the "City"). This agreement was entered into in order to meet compliance criteria of the Fort Bend Subsidence District's (the "Subsidence District") District Regulatory Plan (the "Plan"). The Subsidence District issued the Plan in order to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District is required to have a groundwater reduction plan approved by the Subsidence District by the beginning date of the District's permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees would be imposed under the Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2013 and exceeds 40% of the District's total water demand beginning January 2025.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11. JOINT GROUNDWATER REDUCTION PLAN PARTICIPATION AGREEMENT (Continued)

The District may comply with the Plan's requirements either individually or collectively with other groundwater user(s) within the Subsidence District. The District has agreed to participate in the City's Groundwater Reduction Plan (the "GRP"). In accordance with the Agreement, the District will be assessed pumpage fees on an ongoing basis necessary to comply with the Plan. The current fee is \$1.72 per 1,000 gallons of water pumped. During the year ended December 31, 2019, the District recorded expenditures of \$743,825 related to these fees.

In addition, the City may issue bonds in order to finance the construction of the surface water system. Any bonds issued by the City to finance the surface water system costs will be secured by the pumpage fees paid to the City and may be further secured as the City deems necessary or appropriate. The Agreement shall remain in effect until December 31, 2058, and thereafter from year to year until payment in full of the principal, premium, if any, and interest on all bonds and all related fees to be paid under any bond resolution or indenture securing bonds.

NOTE 12. APPLICATION AND APPROVAL OF ROAD POWERS

On February 22, 2018, the District approved a resolution authorizing application to the Commission for approval of road powers and petition to the Commission for the acquisition of road powers. The application was approved by the Commission on January 3, 2019.

NOTE 13. INTERFUND RECEIVABLES AND LIABILITIES

As of December 31, 2019, the District had the following interfund liabilities: the Debt Service Fund owed the General Fund \$1,621,384 for maintenance tax collections; the General Fund owed the Special Revenue Fund \$80,792 related to water and wastewater treatment plant operations; the General Fund owed the Debt Service Fund \$1,413 for excess funds from the Series 2014 Refunding bond sale; the Capital Projects Fund owed the General Fund \$6,751 for construction costs.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 19, 2011, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas (the "City"). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a commercial tract of land defined as the "Limited-Purpose Tract" for limited purposes and a commercial tract of land defined as the "Full-Purpose Tract" for full purposes. The City has annexed the full purpose tract and the limited purpose tract. In accordance with the agreement, the District is authorized to exercise all powers and functions of a municipal utility district provided by law, including, without limiting the foregoing, the power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, or to contract with others for the provision and operation thereof, or sell or otherwise transfer property without prior approval of the City.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The District shall not be liable for any present or future debts of the City, and current and future ad valorem taxes levied by the City will not be levied on taxable property within the District, other than within the full-purpose tract. The City shall impose a Sales and Use Tax within the boundaries of both the full-purpose tract and the limited-purpose tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate provided within the City.

The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the full-purpose tract and the limited-purpose tract. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office.

The term of this agreement is 30 years from the effective date, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. Upon expiration of the initial term, the agreement will automatically be extended for successive one-year periods, unless either the City or the District gives notice to the other of its intent to terminate prior to any extension. The District received \$45,388 in relation to this agreement during the current fiscal year.

NOTE 15. UNREIMBURSED COSTS

The District has executed developer financing agreements with a Developer within the District. The agreements call for Developers to fund costs associated with water, sewer, and drainage facilities until such time as the District can reimburse the Developer from future bond sales or other available funds. As of December 31, 2019, \$920,515 was recorded in the Statement of Net Position as a liability for completed projects.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,920,750	\$ 1,952,484	\$ 31,734
Water Service	1,115,000	1,008,929	(106,071)
Wastewater Service	1,075,000	1,124,424	49,424
Penalty and Interest	105,000	116,458	11,458
Sales Tax Revenue	50,000	45,388	(4,612)
Tap Connection and Inspection Fees	95,000	59,420	(35,580)
Investment Revenues	70,000	98,852	28,852
Ground Water Reduction Fees	730,000	745,266	15,266
Parks and Recreational Revenues	25,000	31,624	6,624
Miscellaneous Revenues	_____	41,891	41,891
TOTAL REVENUES	\$ 5,185,750	\$ 5,224,736	\$ 38,986
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 299,000	\$ 295,193	\$ 3,807
Contracted Services	1,559,000	1,863,555	(304,555)
Purchased Water and Wastewater Service	950,997	1,091,719	(140,722)
Utilities	25,000	34,418	(9,418)
Repairs and Maintenance	1,350,000	1,147,724	202,276
Ground Water Reduction			
Assessments	695,000	743,825	(48,825)
Parks and Recreational	115,400	182,612	(67,212)
Other	272,500	219,494	53,006
Capital Outlay	_____	14,033	(14,033)
TOTAL EXPENDITURES	\$ 5,266,897	\$ 5,592,573	\$ (325,676)
NET CHANGE IN FUND BALANCE	\$ (81,147)	\$ (367,837)	\$ (286,690)
FUND BALANCE - JANUARY 1, 2019	4,045,324	4,045,324	_____
FUND BALANCE - DECEMBER 31, 2019	\$ 3,964,177	\$ 3,677,487	\$ (286,690)

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Joint Water and Wastewater Service	\$ 1,093,100	\$ 1,263,192	\$ 170,092
Investment Revenues		183	183
Miscellaneous Revenues		<u>39,195</u>	<u>39,195</u>
TOTAL REVENUES	<u>\$ 1,093,100</u>	<u>\$ 1,302,570</u>	<u>\$ 209,470</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 11,250	\$ 30,179	\$ (18,929)
Contracted Services	75,850	79,113	(3,263)
Utilities	240,000	198,385	41,615
Repairs and Maintenance	420,000	653,120	(233,120)
Other	<u>346,000</u>	<u>297,391</u>	<u>48,609</u>
TOTAL EXPENDITURES	<u>\$ 1,093,100</u>	<u>\$ 1,302,570</u>	<u>\$ (209,470)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - JANUARY 1, 2019	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2019	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

DECEMBER 31, 2019

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	_____	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
<u> X </u>	Parks/Recreation	_____	Fire Protection	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
	Participates in joint venture, regional system and/or wastewater service (other than				
<u> X </u>	emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order adopted on December 5, 2019 and effective February 1, 2020.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 15.75	5,000	N	\$ 1.00	5,001 to 10,000
				\$ 1.50	10,001 to 15,000
				\$ 2.00	15,001 to 20,000
				\$ 2.50	20,001 to 25,000
				\$ 3.00	25,001 to 30,000
				\$ 4.00	30,001 to 50,000
				\$ 4.50	50,001 and over
WASTEWATER:	\$ 22.00		Y		
SURCHARGE:					
Solid Waste/					
Garbage					
Commission					
Regulatory					
Assessments					
Ground Water	\$1.72 per 1,000 gallons of				
Reduction Fees	water used plus 20%				

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$20.75 Wastewater: \$22.00 Surcharge: \$20.60 Total: \$63.35

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2019

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>4,483</u>	<u>4,450</u>	x 1.0	<u>4,450</u>
1"	<u>132</u>	<u>130</u>	x 2.5	<u>325</u>
1½"	<u>5</u>	<u>5</u>	x 5.0	<u>25</u>
2"	<u>34</u>	<u>33</u>	x 8.0	<u>264</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>4,656</u></u>	<u><u>4,620</u></u>		<u><u>5,104</u></u>
Total Wastewater Connections	<u><u>4,606</u></u>	<u><u>4,571</u></u>	x 1.0	<u><u>4,571</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	497,858,000	Water Accountability Ratio: 93% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	395,473,000	
Gallons sold:	65,281,000	To: Fort Bend County Municipal Utility District No. 24

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2019

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is partly located:

City of Houston, Texas.
City of Missouri City, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

PROFESSIONAL FEES:	
Auditing	\$ 18,500
Engineering	83,412
Legal	<u>193,281</u>
TOTAL PROFESSIONAL FEES	<u>\$ 295,193</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water and Wastewater Service	<u>\$ 1,091,719</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 34,669
Operations and Billing	223,481
Solid Waste Disposal	1,021,031
Security	499,703
Administrative Management	<u>84,671</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,863,555</u>
UTILITIES	<u>\$ 34,418</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,147,724</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 30,450
Insurance	10,747
Office Supplies and Postage	59,152
Payroll Taxes	2,385
Election Costs	8,378
Travel and Meetings	14,861
Ground Water Reduction Assessment	743,825
Other	<u>42,539</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 912,337</u>
CAPITAL OUTLAY	<u>\$ 14,033</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

TAP CONNECTIONS	\$ <u>25,336</u>
PARKS AND RECREATION	\$ <u>182,612</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 7,831
Permit Fees	10,343
Inspection Fees	<u>7,472</u>
TOTAL OTHER EXPENDITURES	\$ <u>25,646</u>
TOTAL EXPENDITURES	\$ <u><u>5,592,573</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
INVESTMENTS
DECEMBER 31, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 496,317	\$
TexSTAR	XXXX2220	Varies	Daily	664,295	
Certificate of Deposit	XXXX7743	2.50%	07/15/20	285,260	3,302
Certificate of Deposit	XXXX5572	2.67%	03/17/20	240,000	5,074
Certificate of Deposit	XXXX2057	2.50%	01/15/20	<u>1,567,463</u>	<u>17,929</u>
TOTAL GENERAL FUND				<u>\$ 3,253,335</u>	<u>\$ 26,305</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 929,661	\$
Certificate of Deposit	XXXX22367	2.50%	02/06/20	1,415,103	31,791
Certificate of Deposit	XXXX4015	2.75%	01/02/20	102,838	2,812
Certificate of Deposit	XXXX8041	2.60%	02/11/20	240,000	5,522
Certificate of Deposit	XXXX2838	2.75%	03/17/20	240,000	5,190
Certificate of Deposit	XXXX3480	2.70%	03/22/20	240,000	5,042
Certificate of Deposit	XXXX3409	2.60%	06/05/20	240,000	3,573
Certificate of Deposit	XXXX1865	2.75%	07/02/20	134,369	1,842
Certificate of Deposit	XXXX2126	2.75%	07/02/20	206,588	2,833
Certificate of Deposit	XXXX9371	2.05%	03/16/20	<u>107,617</u>	<u>641</u>
TOTAL DEBT SERVICE FUND				<u>\$ 3,856,176</u>	<u>\$ 59,246</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 758,011	\$
Certificate of Deposit	XXXX0412	1.90%	10/17/20	<u>240,000</u>	<u>937</u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 998,011</u>	<u>\$ 937</u>
TOTAL - ALL FUNDS				<u>\$ 8,107,522</u>	<u>\$ 86,488</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2019	\$ 681,504		\$ 1,520,918	
Adjustments to Beginning				
Balance	<u>(1,767)</u>	\$ 679,737	<u>(5,444)</u>	\$ 1,515,474
Original 2019 Tax Levy	\$ 2,139,199		\$ 4,535,103	
Adjustment to 2019 Tax Levy	<u>12,873</u>	<u>2,152,072</u>	<u>27,291</u>	<u>4,562,394</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 2,831,809		\$ 6,077,868
TAX COLLECTIONS:				
Prior Years	\$ 637,974		\$ 1,402,976	
Current Year	<u>1,689,954</u>	<u>2,327,928</u>	<u>3,582,704</u>	<u>4,985,680</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2019		<u>\$ 503,881</u>		<u>\$ 1,092,188</u>
TAXES RECEIVABLE BY				
YEAR:				
2019		\$ 462,118		\$ 979,690
2018		10,440		22,967
2017		7,021		16,007
2016		4,323		11,068
2015		3,139		8,789
2014		2,739		8,766
2013		2,555		8,176
2012		2,306		7,563
2011		2,262		7,057
2010 and Prior		<u>6,978</u>		<u>22,105</u>
TOTAL		<u>\$ 503,881</u>		<u>\$ 1,092,188</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
Land	\$ 147,509,900	\$ 143,892,770	\$ 137,293,740	\$ 134,484,990
Improvements	755,014,715	682,091,349	649,423,771	605,776,950
Personal Property	11,027,530	10,607,510	9,833,640	9,728,461
Exemptions	<u>(52,723,251)</u>	<u>(52,494,106)</u>	<u>(56,419,565)</u>	<u>(70,100,484)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 860,828,894</u>	<u>\$ 784,097,523</u>	<u>\$ 740,131,586</u>	<u>\$ 679,889,917</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.53	\$ 0.55	\$ 0.57	\$ 0.64
Maintenance	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.78</u>	<u>\$ 0.80</u>	<u>\$ 0.82</u>	<u>\$ 0.89</u>
ADJUSTED TAX LEVY*	<u>\$ 6,714,466</u>	<u>\$ 6,272,780</u>	<u>\$ 6,069,078</u>	<u>\$ 6,051,020</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>78.53 %</u>	<u>99.47 %</u>	<u>99.62 %</u>	<u>99.75 %</u>
	**			

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

** As of December 31, 2019. The District is in the process of collecting.

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on April 7, 1984.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2012

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 345,000	\$ 199,925	\$ 544,925
2021	355,000	189,575	544,575
2022	365,000	178,925	543,925
2023	1,105,000	167,975	1,272,975
2024	1,130,000	132,062	1,262,062
2025	380,000	95,338	475,338
2026	390,000	82,988	472,988
2027	400,000	70,312	470,312
2028	410,000	57,312	467,312
2029	285,000	43,988	328,988
2030	360,000	34,725	394,725
2031	350,000	23,025	373,025
2032	340,000	11,475	351,475
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	<u>\$ 6,215,000</u>	<u>\$ 1,287,625</u>	<u>\$ 7,502,625</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2013

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 335,000	\$ 311,800	\$ 646,800
2021	340,000	301,750	641,750
2022	345,000	291,550	636,550
2023	375,000	281,200	656,200
2024	385,000	266,200	651,200
2025	365,000	250,800	615,800
2026	375,000	236,200	611,200
2027	395,000	221,200	616,200
2028	410,000	205,400	615,400
2029	430,000	189,000	619,000
2030	445,000	171,800	616,800
2031	2,125,000	154,000	2,279,000
2032	1,725,000	69,000	1,794,000
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	<u>\$ 8,050,000</u>	<u>\$ 2,949,900</u>	<u>\$ 10,999,900</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2014

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 345,000	\$ 319,600	\$ 664,600
2021	350,000	309,250	659,250
2022	360,000	298,750	658,750
2023	370,000	287,950	657,950
2024	375,000	276,850	651,850
2025	380,000	265,600	645,600
2026	390,000	250,400	640,400
2027	400,000	234,800	634,800
2028	410,000	218,800	628,800
2029	745,000	202,400	947,400
2030	440,000	172,600	612,600
2031	445,000	155,000	600,000
2032	460,000	137,200	597,200
2033	2,855,000	118,800	2,973,800
2034	60,000	4,600	64,600
2035	55,000	2,200	57,200
2036			
2037			
2038			
2039			
2040			
	<u>\$ 8,440,000</u>	<u>\$ 3,254,800</u>	<u>\$ 11,694,800</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

S E R I E S - 2 0 1 5 A			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 25,000	\$ 139,119	\$ 164,119
2021	25,000	138,619	163,619
2022	25,000	138,119	163,119
2023	25,000	137,369	162,369
2024	25,000	136,619	161,619
2025	25,000	135,869	160,869
2026	25,000	135,119	160,119
2027	25,000	134,368	159,368
2028	25,000	133,618	158,618
2029	25,000	132,868	157,868
2030	1,000,000	132,118	1,132,118
2031	25,000	102,118	127,118
2032	25,000	101,275	126,275
2033	25,000	100,432	125,432
2034	25,000	99,588	124,588
2035	25,000	98,744	123,744
2036	500,000	97,900	597,900
2037	515,000	81,025	596,025
2038	600,000	63,000	663,000
2039	600,000	42,000	642,000
2040	600,000	21,000	621,000
	\$ 4,190,000	\$ 2,300,887	\$ 6,490,887

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

S E R I E S - 2 0 1 5 B			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$	\$ 123,625	\$ 123,625
2021		123,625	123,625
2022		123,625	123,625
2023		123,625	123,625
2024		123,625	123,625
2025		123,625	123,625
2026		123,625	123,625
2027		123,625	123,625
2028		123,625	123,625
2029		123,625	123,625
2030		123,625	123,625
2031		123,625	123,625
2032		123,625	123,625
2033		123,625	123,625
2034		123,625	123,625
2035		123,625	123,625
2036	500,000	123,625	623,625
2037	600,000	106,750	706,750
2038	700,000	85,750	785,750
2039	800,000	61,250	861,250
2040	950,000	33,250	983,250
	\$ 3,550,000	\$ 2,388,625	\$ 5,938,625

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2016

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 60,000	\$ 309,400	\$ 369,400
2021	65,000	307,600	372,600
2022	70,000	305,650	375,650
2023	70,000	303,550	373,550
2024	70,000	301,450	371,450
2025	75,000	298,650	373,650
2026	80,000	295,650	375,650
2027	85,000	292,450	377,450
2028	90,000	289,050	379,050
2029	95,000	285,450	380,450
2030	95,000	282,600	377,600
2031	100,000	278,800	378,800
2032	105,000	274,800	379,800
2033	110,000	270,600	380,600
2034	3,060,000	266,200	3,326,200
2035	3,595,000	143,800	3,738,800
2036			
2037			
2038			
2039			
2040			
	<u>\$ 7,825,000</u>	<u>\$ 4,505,700</u>	<u>\$ 12,330,700</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2017

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 95,000	\$ 278,550	\$ 373,550
2021	95,000	276,650	371,650
2022	115,000	274,750	389,750
2023	115,000	271,300	386,300
2024	115,000	267,850	382,850
2025	115,000	264,400	379,400
2026	115,000	259,800	374,800
2027	115,000	255,200	370,200
2028	160,000	250,600	410,600
2029	160,000	244,200	404,200
2030	160,000	237,800	397,800
2031	160,000	231,400	391,400
2032	665,000	225,000	890,000
2033	555,000	198,400	753,400
2034	545,000	176,200	721,200
2035	145,000	154,400	299,400
2036	1,815,000	148,600	1,963,600
2037	1,900,000	76,000	1,976,000
2038			
2039			
2040			
	<u>\$ 7,145,000</u>	<u>\$ 4,091,100</u>	<u>\$ 11,236,100</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

REFUNDING SERIES - 2017 A

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 880,000	\$ 308,200	\$ 1,188,200
2021	905,000	290,600	1,195,600
2022	930,000	272,500	1,202,500
2023	230,000	244,600	474,600
2024	250,000	237,700	487,700
2025	1,085,000	230,200	1,315,200
2026	1,135,000	186,800	1,321,800
2027	1,185,000	141,400	1,326,400
2028	1,240,000	94,000	1,334,000
2029	1,110,000	44,400	1,154,400
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	<u>\$ 8,950,000</u>	<u>\$ 2,050,400</u>	<u>\$ 11,000,400</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

S E R I E S - 2 0 1 7 B			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$	\$ 73,963	\$ 73,963
2021		73,962	73,962
2022		73,963	73,963
2023		73,962	73,962
2024		73,963	73,963
2025		73,962	73,962
2026		73,963	73,963
2027		73,962	73,962
2028		73,963	73,963
2029		73,962	73,962
2030		73,963	73,963
2031		73,962	73,962
2032		73,963	73,963
2033		73,962	73,962
2034		73,963	73,963
2035		73,962	73,962
2036		73,963	73,963
2037		73,962	73,962
2038	750,000	73,963	823,963
2039	750,000	48,650	798,650
2040	640,000	22,400	662,400
	\$ 2,140,000	\$ 1,476,338	\$ 3,616,338

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2019

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 2,085,000	\$ 2,064,182	\$ 4,149,182
2021	2,135,000	2,011,631	4,146,631
2022	2,210,000	1,957,832	4,167,832
2023	2,290,000	1,891,531	4,181,531
2024	2,350,000	1,816,319	4,166,319
2025	2,425,000	1,738,444	4,163,444
2026	2,510,000	1,644,545	4,154,545
2027	2,605,000	1,547,317	4,152,317
2028	2,745,000	1,446,368	4,191,368
2029	2,850,000	1,339,893	4,189,893
2030	2,500,000	1,229,231	3,729,231
2031	3,205,000	1,141,930	4,346,930
2032	3,320,000	1,016,338	4,336,338
2033	3,545,000	885,819	4,430,819
2034	3,690,000	744,176	4,434,176
2035	3,820,000	596,731	4,416,731
2036	2,815,000	444,088	3,259,088
2037	3,015,000	337,737	3,352,737
2038	2,050,000	222,713	2,272,713
2039	2,150,000	151,900	2,301,900
2040	2,190,000	76,650	2,266,650
	<u>\$ 56,505,000</u>	<u>\$ 24,305,375</u>	<u>\$ 80,810,375</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019

Description	Original Bonds Issued	Bonds Outstanding January 1, 2019
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2010	\$ 12,815,000	\$ 845,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2010	6,180,000	75,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2012	9,610,000	6,555,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2013	9,390,000	8,375,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2014	9,565,000	8,775,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2015A	4,240,000	4,215,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Park Bonds - Series 2015B	3,550,000	3,550,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2016	8,085,000	7,885,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2017	7,225,000	7,165,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2017A	9,050,000	8,960,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2017B	<u>2,140,000</u>	<u>2,140,000</u>
TOTAL	<u><u>\$ 81,850,000</u></u>	<u><u>\$ 58,540,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds	
Bonds Sold	Retirements		Interest	Outstanding December 31, 2019	Paying Agent
	Principal				
\$	\$ 845,000	\$ 33,800	\$ - 0 -		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	75,000	2,737	- 0 -		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	340,000	210,125	6,215,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	325,000	318,300	8,050,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	335,000	326,300	8,440,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	25,000	139,619	4,190,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		123,625	3,550,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	60,000	311,200	7,825,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	20,000	278,950	7,145,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	10,000	308,400	8,950,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		73,962	2,140,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 2,035,000</u>	<u>\$ 2,127,018</u>	<u>\$ 56,505,000</u>		

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019

Bond Authority:	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>	<u>Parks and Recreational Facilities Bonds</u>
Amount Authorized by Voters	\$ 90,775,000	\$ 13,245,000	\$ 8,800,000
Amount Issued	<u>72,885,000</u>	<u>4,817,954</u>	<u>5,550,000</u>
Remaining to be Issued	<u>\$ 17,890,000</u>	<u>\$ 8,427,046</u>	<u>\$ 3,250,000</u>
 Debt Service Fund cash and investment balances as of December 31, 2019:			 <u>\$ 9,247,214</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			 <u>\$ 3,848,113</u>

See Note 3 for interest rates, interest payment dates and maturity dates.

*Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 1,952,484	\$ 1,847,342	\$ 1,690,499
Water Service	1,008,929	986,971	964,675
Wastewater Service	1,124,424	1,107,465	1,075,341
Penalty and Interest	116,458	112,483	111,494
Sales Tax Revenue	45,388	44,475	47,947
Tap Connection and Inspection Fees	59,420	277,504	122,435
Investment Revenues	98,852	63,401	31,520
Ground Water Reduction Fees	745,266	727,978	699,607
Parks and Recreational	31,624	29,079	24,228
Miscellaneous Revenues	41,891	64,817	44,570
TOTAL REVENUES	\$ 5,224,736	\$ 5,261,515	\$ 4,812,316
EXPENDITURES			
Professional Fees	\$ 295,193	\$ 271,972	\$ 228,399
Contracted Services	1,863,555	1,594,696	1,371,865
Purchased Water and Wastewater Services	1,091,719	769,867	926,296
Utilities	34,418	27,457	26,943
Repairs and Maintenance	1,147,724	1,281,143	832,893
Parks and Recreational	182,612	91,543	143,599
Ground Water Reduction Assessments	743,825	698,510	654,852
Other	219,494	302,253	220,753
Capital Outlay	14,033	60,000	136,028
TOTAL EXPENDITURES	\$ 5,592,573	\$ 5,097,441	\$ 4,541,628
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (367,837)	\$ 164,074	\$ 270,688
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ 26,628	\$ 494,659
NET CHANGE IN FUND BALANCE	\$ (367,837)	\$ 190,702	\$ 765,347
BEGINNING FUND BALANCE	4,045,324	3,854,622	3,089,275
ENDING FUND BALANCE	\$ 3,677,487	\$ 4,045,324	\$ 3,854,622

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,529,988	\$ 1,331,005	37.4 %	35.2 %	35.2 %	33.2 %	30.4 %
938,451	919,741	19.3	18.8	20.1	20.4	20.9
1,053,516	1,020,248	21.5	21.0	22.3	22.9	23.2
132,566	134,639	2.2	2.1	2.3	2.9	3.1
58,050	35,298	0.9	0.8	1.0	1.3	0.8
121,145	188,305	1.1	5.3	2.5	2.6	4.3
13,290	10,010	1.9	1.2	0.7	0.3	0.2
678,497	691,305	14.3	13.8	14.5	14.7	15.7
24,986	17,816	0.6	0.6	0.5	0.5	0.4
52,979	43,523	0.8	1.2	0.9	1.2	1.0
<u>\$ 4,603,468</u>	<u>\$ 4,391,890</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 218,963	\$ 237,536	5.6 %	5.2 %	4.7 %	4.8 %	5.4 %
1,341,900	1,265,265	35.7	30.3	28.5	29.1	28.8
803,529	827,472	20.9	14.6	19.2	17.5	18.8
18,425	17,755	0.7	0.5	0.6	0.4	0.4
845,572	771,379	22.0	24.3	17.3	18.4	17.6
114,593	83,413	3.5	1.7	3.0	2.5	1.9
668,356	681,331	14.2	13.3	13.6	14.5	15.5
228,093	212,238	4.2	5.7	4.6	5.0	4.8
464,932		0.3	1.1	2.8	10.1	
<u>\$ 4,704,363</u>	<u>\$ 4,096,389</u>	<u>107.1 %</u>	<u>96.7 %</u>	<u>94.3 %</u>	<u>102.3 %</u>	<u>93.2 %</u>
<u>\$ (100,895)</u>	<u>\$ 295,501</u>	<u>(7.1) %</u>	<u>3.3 %</u>	<u>5.7 %</u>	<u>(2.3) %</u>	<u>6.8 %</u>
<u>\$ - 0 -</u>	<u>\$ 201,137</u>					
<u>\$ (100,895)</u>	<u>\$ 496,638</u>					
<u>3,190,170</u>	<u>2,693,532</u>					
<u>\$ 3,089,275</u>	<u>\$ 3,190,170</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 4,294,897	\$ 4,213,312	\$ 4,329,525
Penalty and Interest	37,874	44,276	36,892
Interest on Investments	117,949	89,503	30,766
Miscellaneous Revenues			
TOTAL REVENUES	<u>\$ 4,450,720</u>	<u>\$ 4,347,091</u>	<u>\$ 4,397,183</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 143,197	\$ 137,622	\$ 129,656
Debt Service Principal	2,035,000	1,985,000	1,965,000
Debt Service Interest and Fees	2,134,018	2,204,556	2,171,323
Payment to Refunding Bond Escrow Agent			321,000
Bond Issuance Costs			634,833
TOTAL EXPENDITURES	<u>\$ 4,312,215</u>	<u>\$ 4,327,178</u>	<u>\$ 5,221,812</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 138,505</u>	<u>\$ 19,913</u>	<u>\$ (824,629)</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$ 16,275,000
Transfer to Refunding Bond Escrow Agent			(16,455,458)
Bond Premium			828,232
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 647,774</u>
NET CHANGE IN FUND BALANCE	\$ 138,505	\$ 19,913	\$ (176,855)
BEGINNING FUND BALANCE	<u>3,966,060</u>	<u>3,946,147</u>	<u>4,123,002</u>
ENDING FUND BALANCE	<u>\$ 4,104,565</u>	<u>\$ 3,966,060</u>	<u>\$ 3,946,147</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>4,620</u>	<u>4,596</u>	<u>4,470</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>4,571</u>	<u>4,545</u>	<u>4,416</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 4,286,022	\$ 4,259,601	96.4 %	96.9 %	98.5 %	98.3 %	98.5 %
51,350	44,141	0.9	1.0	0.8	1.2	1.0
22,852	22,373	2.7	2.1	0.7	0.5	0.5
40						
<u>\$ 4,360,264</u>	<u>\$ 4,326,115</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 133,004	\$ 141,119	3.2 %	3.2 %	2.9 %	3.1 %	3.3 %
1,945,000	1,765,000	45.7	45.7	44.7	44.6	40.8
2,220,821	2,313,185	47.9	50.7	49.4	50.9	53.5
18,000				7.3	0.4	
345,960				14.4	7.9	
<u>\$ 4,662,785</u>	<u>\$ 4,219,304</u>	<u>96.8 %</u>	<u>99.6 %</u>	<u>118.7 %</u>	<u>106.9 %</u>	<u>97.6 %</u>
<u>\$ (302,521)</u>	<u>\$ 106,811</u>	<u>3.2 %</u>	<u>0.4 %</u>	<u>(18.7) %</u>	<u>(6.9) %</u>	<u>2.4 %</u>
\$ 8,085,000	\$					
(8,240,138)						
507,126						
<u>\$ 351,988</u>	<u>\$ - 0 -</u>					
\$ 49,467	\$ 106,811					
4,073,535	3,966,724					
<u>\$ 4,123,002</u>	<u>\$ 4,073,535</u>					
<u>4,395</u>	<u>4,308</u>					
<u>4,348</u>	<u>4,310</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2019

District Mailing Address - Fort Bend County Municipal Utility District No. 23
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, <u>2019</u>	Expense Reimbursements for the year ended December 31, <u>2019</u>	<u>Title</u>
William Thomas	05/18 05/22 (Elected)	\$ 6,300	\$ 2,571	President
Anzilla Gilmore	05/18 05/22 (Elected)	\$ 5,700	\$ 2,593	Vice President
Ellen Hughes	05/18 05/22 (Elected)	\$ 4,800	\$ 394	Secretary
Chris Robinson	05/16 05/20 (Elected)	\$ 6,450	\$ 2,817	Assistant Vice President
Steven Gates	05/16 05/20 (Elected)	\$ 7,200	\$ 1,549	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 24, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on June 28, 2001. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2019

Consultants:	<u>Date Hired</u>	<u>District Fees for the year ended December 31, 2019</u>	<u>Special Revenue Fund Fees for the year ended December 31, 2019</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/26/03	\$ 195,716 \$ -0-	\$ 25,139 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	11/19/96	\$ 18,500	\$ 4,000	Audit Related
Myrtle Cruz, Inc.	01/23/84	\$ 34,969	\$ 9,957	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/22/96	\$ 11,646	\$ -0-	Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	01/23/84	\$ 182,680	\$ 1,040	Engineer
Rathmann & Associates, L.P.	04/24/03	\$ -0-	\$ -0-	Financial Advisor
Mary Jarmon	11/29/01	\$ -0-	\$ -0-	Investment Officer
Municipal District Services, LLC	12/01/09	\$ 1,152,561	\$ 749,397	Operator
Assessments of the Southwest, Inc.	02/08/84	\$ 73,344	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY



**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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

