OFFICIAL STATEMENT DATED SEPTEMBER 16, 2020

IN THE OPINION OF THE MULLER LAW GROUP PLLC, BOND COUNSEL, BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISIONS, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS IS EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" HEREIN.

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

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM):	S&P "AA" (stable outlook)	
	Moody's "A2" (stable outlook)	
Underlying Rating:	Moody's "A3"	

See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$5,755,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX REFUNDING BONDS
SERIES 2020

Dated: October 15, 2020 **Due: April 1, as shown below**

Principal of the bond described above (the "Bonds") is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from October 15, 2020, and is payable each April 1 and October 1, commencing April 1, 2021, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2022	$ 210,000	3.000 %	0.39 %	346905 JS2	2028	$ 650,000 (c)	2.000 %	1.27 %	346905 JY9
2023	375,000	3.000	0.49	346905 JT0	2029	640,000 (c)	2.000	1.35	346905 JZ6
2024	680,000	3.000	0.60	346905 JU7	****	****	****	****	****
2025	690,000	3.000	0.80	346905 JV5	2033	440,000 (c)	2.000	1.77	346905 KD3
2026	690,000	2.000	0.97	346905 JW3	2034	420,000 (c)	2.000	1.82	346905 KE1
2027	645,000 (c)	2.000	1.14	346905 JX1					

$315,000 Term Bonds due April 1, 2032 (c), 346905 KC5 (b), 2.00% Interest Rate, 1.69% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from October 15, 2020, is to be added to the price.

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Bonds maturing on and after April 1, 2027, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on April 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Municipal Utility District No. 48 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Missouri City or any entity other than the District. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 20, 2020.

SAMCO Capital

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FINANCIAL STATEMENT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 .... **APPENDIX A**
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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478 upon payment of the costs of duplication therefor.

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

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

Assured Guaranty Municipal Corp. ("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 "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $5,987,647.51 (representing the par amount of the Bonds of $5,755,000.00, plus a premium on the Bonds of $280,228.95, less an Underwriter's discount of $47,581.44) plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

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

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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 (hereinafter defined). 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 the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic 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.

RECENT EXTREME WEATHER EVENTS; HURRICANE HARVEY

General... 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 has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

Impact on the District... According to Municipal District Services, LLC (the "Operator"), the facilities serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to Jones & Carter, Inc. (the "Engineer"), no homes or other improvements within the District experienced flooding or other material damage as a result of Hurricane Harvey.

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 in the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. See "INVESTMENT CONSIDERATIONS—Hurricane Harvey."

THE FINANCING

The Issuer...	Fort Bend County Municipal Utility District No. 48 (the "District"), a political subdivision of the State of Texas, is located within the City of Missouri City, in Fort Bend County, Texas. See "THE DISTRICT."
The Issue...	$5,755,000 Fort Bend County Municipal Utility District No. 48, Unlimited Tax Refunding Bonds, Series 2020, dated October 15, 2020, are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on April 1 in each of the years 2022 through 2029, both inclusive, and 2033 through 2034, both inclusive, and as term bonds maturing on April 1, 2032 (the "Term Bonds") in the principal amounts and accruing interest at the rates shown on the cover hereof. Interest on the Bonds will accrue from October 15, 2020 and will be payable April 1 and October 1 of each year commencing April 1, 2021 until maturity or prior redemption and will be calculated on the basis of 360-day year consisting of twelve 30-day months. See "THE BONDS." The Bonds maturing on and after April 1, 2027 are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on April 1, 2026, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Book-Entry-Only …	The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, 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. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, 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 "BOOK-ENTRY- ONLY SYSTEM."
Source of Payment...	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Missouri City or any entity other than the District. See "THE BONDS—Source of Payment."
Payment Record...	The District has previously issued seven series of unlimited tax bonds and five series of unlimited tax refunding bonds, of which an aggregate principal amount of $21,085,000 will remain outstanding after the payment of the District's October 1, 2020 principal payment of $1,240,000 (the "Outstanding Bonds"). The District has never defaulted on the payment and principal and interest on the previously issued bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
Use of Proceeds...	Proceeds from the sale of the Bonds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $5,790,000 of the District's Outstanding Bonds in order to achieve annual and net present value savings in the District's annual debt service expense. The bonds to be refunded and discharged with Bond proceeds are referred to herein as the "Refunded Bonds." After the issuance of the Bonds, $15,295,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds") after the payment of the District's October 1, 2020 principal payment of $1,240,000. See "PLAN OF FINANCING—Refunded Bonds," "—Sources and Uses of Funds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Tax Matters...	In the opinion of the Muller Law Group PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein."
Bond Counsel...	The Muller Law Group, PLLC, Sugar Land, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS," and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Underwriter's Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."
Verification Agent...	Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."
Municipal Bond Rating and Municipal Bond Insurance...	It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. (Moody's) will assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors on Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."

THE DISTRICT

Description...	The District is a political subdivision of the State of Texas, created by order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ"), on March 8, 1983, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 660 acres of land. See "THE DISTRICT."
Location...	The District is located approximately 23 miles southwest of the central downtown business district of the City of Houston and five miles southeast of the central business district of the City of Missouri City (the "City") and lies wholly within the boundaries of the City. The District also lies within the boundaries of the Fort Bend Independent School District. Access to the District is provided by Fort Bend Parkway Toll Road and Texas State Highway 6 to Vicksburg Boulevard. See "THE DISTRICT."
The Developer and Major Property Owners...	Recent residential development within the District has been conducted by DC Development Partners LP and DC Development Partners II, LP, Texas limited partnerships ("DC Development") and DR Horton – Texas, Ltd. ("DR Horton"). DC Development has completed the development of Dry Creek Village, Sections One and Two, consisting of 253 single-family residential lots on approximately 88 acres within the District. DR Horton has completed development and homebuilding activities in Parks Edge Sections One, Two and Three consisting of 158 single-family residential lots on approximately 44 acres within the District. DC Development and DR Horton will be reimbursed by bond proceeds from the $5,830,000 principal amount of unlimited tax bonds expected to be issued first quarter of 2021. See "INVESTMENT CONSIDERATIONS—Future Debt." DC Development is referred to herein as the "Developer."

OCC II LP has developed approximately 10 acres of developable land within the District along Texas State Highway 6 for commercial development. Approximately 8 acres of such land have been developed as a Starbucks, a Discount Tire, a self-storage facility, an Arby's restaurant and a retail strip center and the remaining approximately 2 acres of land served by underground trunkline utilities is vacant. The District is not aware of any development plans on such remaining acreage as of the date hereof.

Palmetto/WIHA FB 107 LP owns approximately 63 developable acres in the District, FLC Parkway LP owns approximately 31 developable acres in the District, and Ft. Bend Parkway 34 LP owns approximately 10 developable acres in the District. Such acreages are undeveloped and the District is not aware of any development plans as of the date hereof.

Six Watts Plantation, Ltd. owns approximately 23 developable acres, Airport Kirkwood Ltd. owns approximately 18 developable acres and other various commercial entities own approximately 17 acres, all of which are within the District along Texas State Highway 6. Such acreages are served by underground trunkline utilities for future commercial developments. The District is not aware of any development plans as of the date hereof.

See "THE DEVELOPER AND MAJOR PROPERTY OWNERS" and "TAX DATA—Principal Taxpayers."

Status of Development... The District currently includes approximately 472 developed acres of single-family residential development consisting of 1,648 lots. As of August 19, 2020, 1,482 homes were completed (1,452 occupied and 30 unoccupied), 66 homes were under construction or in the name of a builder, and 100 vacant developed lots were available for home construction. According to the District's 2020 tax rolls, the average homestead value in the District is approximately $226,244.

A 132-unit over 55 active senior apartment community, The Huntington at Sienna, is located on approximately 6 acres of land in the District.

In addition to the development described above, approximately 5 acres have been developed as a recreation center within Olympia Estates, and acreage totaling approximately 12 acres has been developed as a Starbucks, Discount Tire, self-storage facility and retail strip center. Approximately 101 developable acres currently within the District are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage and tracts totaling approximately 58 acres within the District along Texas Highway 6 are currently served by underground trunkline utilities for future commercial development. Additionally, approximately 6 undevelopable acres within the District consist of parks and recreational and open spaces. See "THE DISTRICT."

Homebuilding... K Hovnanian Homes and Meritage Homes are the homebuilders in Dry Creek Village, Sections One and Two. The sales price for new homes in Dry Creek Village range from approximately $265,000 to $325,000. See "THE DEVELOPER AND MAJOR PROPERTY OWNERS—Homebuilding."

Future Debt... The District has submitted a bond application to the TCEQ requesting authorization to issue approximately $5,830,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District anticipates issuance of such bonds in the first quarter of 2021. See "THE BONDS—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special INVESTMENT CONSIDERATIONS and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Taxable Assessed Valuation	$370,415,500	(a)
Estimated Taxable Assessed Valuation as of May 1, 2020	$397,849,386	(b)
Gross Direct Debt Outstanding	$21,050,000	(c)
Estimated Overlapping Debt	20,691,914	(d)
Gross Direct Debt and Estimated Overlapping Debt	$41,741,914	
Ratio of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	5.68%	(e)
Estimated Taxable Assessed Valuation as of May 1, 2020	5.29%	(e)
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation	11.27%	(e)
Estimated Taxable Assessed Valuation as of May 1, 2020	10.49%	(e)
Debt Service Fund Balance as of September 10, 2020	$2,278,355	(f)
Operating Funds Available as of September 10, 2020	$4,929,512	(g)
Capital Projects Funds Available as of September 10, 2020	$256,778	
2020 Debt Service Tax Rate	$0.595	
2020 Maintenance Tax Rate	0.265	
2020 Total Tax Rate	$0.860	
Average Annual Debt Service Requirement (2021-2038)	$1,460,619	(h)
Maximum Annual Debt Service Requirement (2021)	$1,858,748	(h)
Tax Rate Required to Pay Average Requirement (2021-2038) at a 95% Collection Rate		
Based upon 2020 Taxable Assessed Valuation	$0.42	(i)
Based upon Estimated Taxable Assessed Valuation as of May 1, 2020	$0.39	(i)
Tax Rate Required to Pay Maximum Requirement (2021) at a 95% Collection Rate		
Based upon 2020 Taxable Assessed Valuation	$0.53	(i)
Based upon Estimated Taxable Assessed Valuation as of May 1, 2020	$0.50	(i)
Status of Development as of August 19, 2020 (j):		
Homes Completed (1,452 Occupied, 30 Unoccupied)	1,482	
Homes Under Construction	66	
Lots Available for Home Construction	100	
Commercial	(j)	
Apartment Units	132	
Estimated Population	5,346	(k)

(a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified $362,195,020 of taxable value and an additional $8,220,480 remains uncertified and subject to review and adjustment prior to certification. The 2020 Taxable Assessed Valuation shown herein is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on May 1, 2020. Increases in value that occur between January 1, 2020 and May 1, 2020 will be assessed for purposes of taxation on January 1, 2021. No tax will be levied on such amount until it is certified in the summer of 2021. See "TAXING PROCEDURES."

(c) After the issuance of the Bonds and the refunding of the Refunded Bonds. Excludes the District's October 1, 2020 principal payment of $1,240,000. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

(e) The debt ratios throughout the Official Statement exclude the District's October 1, 2020 principal payment in the amount of $1,240,000, funds for which are included in the Debt Service Fund balance shown throughout the Official Statement.

(f) Includes the District's October 1, 2020 debt service payment in the approximate amount of $1,892,828. Neither Texas law nor the Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund.

(g) The District has expended approximately $723,000 and expects to expend and additional approximately $975,000 in connection with participating in the City's Wastewater Treatment Plant rehabilitation and expansion project. The District also expects to pay approximately $700,000 in water and sewer charges to The City. See "THE SYSTEM—Wastewater Treatment."

(h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(i) See "TAX DATA—Tax Adequacy for Debt Service."

(j) See "THE DISTRICT—Land Use—Status of Development."

(k) Based upon 3.5 persons per occupied single-family residence and 2.0 persons per apartment unit.

OFFICIAL STATEMENT

$5,755,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX REFUNDING BONDS SERIES 2020

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 48 (the "District") of its $5,755,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

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

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the Developer (as defined herein). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

PLAN OF FINANCING

Purpose

At bond elections held within the District, voters of the District have authorized the issuance of $51,570,000 of unlimited tax bonds for a water, sewer and drainage system and a like principal amount for refunding such bonds. See "THE BONDS—Authority for Issuance." The District will have $21,085,000 principal amount of unlimited tax bonds outstanding after the payment of the District's October 1, 2020 principal payment of $1,240,000 (the "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds").

The proceeds of the Bonds are being used to currently refund and defease a portion of the District's Unlimited Tax Bonds, Series 2013 and Unlimited Tax Refunding Bonds, Series 2015, totaling $5,790,000 (the "Refunded Bonds") in order to achieve a net savings in the District's debt service expense. See "Refunded Bonds" herein. The proceeds will also be used to pay the costs of issuance of the Bonds. See "Sources and Uses of Funds" herein. A total of $15,295,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds") after the payment of the District's October 1, 2020 principal payment of $1,240,000. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Refunded Bonds

Proceeds of the Bonds will be applied to currently refund and defease the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

Maturity Date	Series 2013	Series 2015
2022	$ -	$ 215,000
2023	150,000	225,000
2024	150,000	525,000
2025	150,000	530,000
2026	150,000	530,000
2027	150,000	490,000
2028	150,000	495,000
2029	150,000	490,000
2030	150,000	-
2031	150,000	-
2032	50,000	-
2033	450,000	-
2034	440,000	-
	$ 2,290,000	$ 3,500,000
Redemption Date:	October 23, 2020	October 23, 2020

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$5,755,000.00
Plus: Premium on the Bonds	280,228.95
Total Sources of Funds	$6,035,228.95
Uses of Funds:	
Deposit to Paying Agent for Refunded Bonds	$5,799,647.46
Issuance Expenses and Underwriters' Discount (a)	235,581.49
Total Uses of Funds	$6,035,228.95

(a) Includes municipal bond insurance premium.

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., Dallas, Texas, 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, 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"). By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolutions of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts 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 BONDS

Description

The Bonds will be dated October 15, 2020, and mature on April 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest will accrue from October 15, 2020, at the rates per annum shown on the cover hereof, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on April 1 and October 1 of each year, commencing April 1, 2021 until the earlier of maturity or redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "Paying Agent/Registrar," "Paying Agent," or "Registrar") 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 "BOOK-ENTRY-ONLY SYSTEM".

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

Authority for Issuance

At bond elections held within the District, voters of the District have authorized the issuance of $51,570,000 of unlimited tax bonds for a water, sewer and drainage system and a like principal amount for refunding such bonds. After issuance of the Bonds, $2,139,943.44 principal amount of unlimited tax refunding bonds and $23,055,000 principal amount of unlimited tax bonds for a water, sewer and drainage system will remain authorized but unissued.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207 Texas Government Code, as amended. Before the Bonds can be issued, the Attorney General of Texas must pass on the legality of certain related matters.

The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement. See "LEGAL MATTERS—Legal Opinions."

Source of Payment

The Bonds (together with the Remaining Outstanding Bonds and such additional tax bonds as may hereafter be issued by the District) are payable from and secured by a pledge of 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 "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds.

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

Funds

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

Transfer, Exchange and Registration

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

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the March 15 or September 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

No Arbitrage

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on April 1, 2032 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on April 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$315,000 Term Bonds
Due April 1, 2032

Mandatory Redemption Date	Principal Amount
2030	$ 140,000
2031	140,000
2032 (maturity)	35,000

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

Optional Redemption: Bonds maturing on or after April 1, 2027 are subject to redemption at the option of the District prior to their maturity dates on April 1, 2026, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent Interest Payment Date to the date fixed for redemption.

Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). If less than all the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the District prior to the redemption date by such random method as the District shall deem fair and appropriate (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

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

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK- ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Issuance of Additional Debt

At bond elections held within the District, voters of the District have authorized the issuance of $51,570,000 of unlimited tax bonds for a water, sewer and drainage system and a like principal amount for refunding such bonds. After issuance of the Bonds, $2,139,943.44 principal amount of unlimited tax refunding bonds and $23,055,000 principal amount of combination unlimited tax and refunding bonds will remain authorized but unissued. The District has submitted a bond application to the TCEQ requesting authorization to issue approximately $5,830,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District anticipates issuance of such bonds in the first quarter of 2021.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) development of a park plan by the District; (b) approval of the park plan and bonds by the District's voters; (c) approval of the park projects and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election for the issuance of fire-fighting bonds at this time.

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

Issuance of additional bonds could dilute the investment security for the Bonds.

Consolidation

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

Dissolution

The District lies entirely within the corporate limits of the City. The City may at any time choose to dissolve the District without the consent of the District at the City's sole discretion upon two-thirds vote of the City Council. If the District is dissolved, the City must assume the District's assets, obligations and indebtedness, including the District's bonded indebtedness.

The City is currently conducting a Regional Water and Wastewater Planning Study to analyze changes to the water and wastewater landscape within its City limits and extraterritorial jurisdiction ("ETJ") and examine potential consolidation opportunities. This could effectively remove the District as a water and/or wastewater service provider to its residents, thus reducing District revenues.

The District has no knowledge of and cannot make any predictions whether the City will ever dissolve the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should dissolution occur. Dissolution of the District by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that abolishment will or will not occur.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, 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 Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities

Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, 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, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Commission, a predecessor to the TCEQ dated March 8, 1983. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop parks and recreation facilities, including the issuance of bonds payable from taxes for such purposes and may also, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. The District is also empowered to contract for or employ its own peace officers and to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City, within whose corporate limits the District lies, the District is required to observe certain requirements of the City which: limit the purposes for which the District may sell bonds for the acquisition, construction and improvement of waterworks, wastewater, drainage facilities and park and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to lots and commercial or multi-family reserves described in plats which have been approved by the Planning Commission of the City and recorded in the real property records. Construction and operation of the District's System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District contains approximately 660 acres of land. The District is located approximately 23 miles southwest of the central downtown business district of the City of Houston, five miles southwest of the central business district of the City and lies wholly within the corporate limits of the City and within the boundaries of the Fort Bend Independent School District. Access to the District is provided by Fort Bend Parkway Toll Road to Texas Highway 6 to Vicksburg Boulevard.

Land Use

The District currently includes approximately 472 developed acres of single-family residential development consisting of 1,648 lots, approximately 5 acres developed as a recreation center within Olympia Estates, approximately 12 acres for commercial usage, approximately 6 acres for multi-family residential development, and approximately 159 developable acres of land (of which approximately 58 acres are commercial reserves served by underground trunkline facilities), and approximately 6 undevelopable acres (parks and recreational and open spaces). The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Single-Family Residential		
Sedona Creek:		
Section One	13	46
Section Two	49	98
Section Three	23	95
Olympia Estates:		
Section Two	38	132
Section Three	20	87
Section Four	18	79
Section Six	17	84
Section Seven	17	80
Section Eight	19	88
Villages of Shiloh	73	202
Dry Creek Village:		
Section One	47	150
Section Two	41	153
Parks Edge:		
Section One	19	64
Section Two	15	60
Section Three	10	34
Creekmont North:		
Section One	18	78
Section Two	15	69
Section Three	20	49
Subtotal	472	1,648
Commercial/Multi-Family	18	-
Recreation Center	5	-
Future Development (a)	159	-
Undevelopable (b)	6	-
Totals	660	1,648

(a) Approximately 58 acres along Texas State Highway 6 are served by underground trunkline utilities for future commercial development.
(b) Includes parks and recreational and open spaces.

Status of Development

As of August 19, 2020, 1,482 homes were completed (1,452 occupied and 30 unoccupied), 66 homes were under construction or listed in a builder's name and 100 vacant developed lots were available for home construction. According to the District's 2020 tax rolls, the average homestead value in the District is approximately $226,244. The sales price for new homes in Dry Creek Village range from approximately $265,000 to $325,000. The current estimated population in the District is 5,346 based upon 3.5 persons per occupied single-family residence and 2.0 persons per apartment unit. See "Land Use" above.

A 132-unit, over-55 active senior apartment community, The Huntington at Sienna, is located on approximately 6 acres of land in the District.

In addition to the development described above, approximately 5 acres have been developed as a recreation center within Olympia Estates and acreage totaling approximately 12 acres has been developed as a Starbucks, a Discount Tire, a self- storage facility, an Arby's restaurant and a retail strip center.

Future Development

Approximately 101 developable acres of land within the District are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage and approximately 58 acres within the District along Texas Highway 6 are currently served by underground trunkline utilities for future commercial development. While the District anticipates future development of this acreage, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to accomplish full development of the District as, if and when necessary. See "INVESTMENT CONSIDERATIONS—Undeveloped Acreage" and "—Future Debt." The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($23,055,000) should be sufficient to finance the construction of water, wastewater and storm drainage facilities to complete the District's water, wastewater and storm drainage system for full development of the District.

THE DEVELOPER AND MAJOR PROPERTY OWNERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas where utilities are to be financed by a district through a specified bond issue, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Prospective Bond purchasers should note that the prior real estate experience of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful.

The Developer has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time. Neither the Developer nor any affiliate of the Developer, if any, are obligated to pay principal of or interest on the Bonds. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

Recent residential development within the District has been conducted by DC Development Partners LP and DC Development Partners II, LP, Texas limited partnerships ("DC Development") and DR Horton – Texas, Ltd, a Texas limited liability partnership. ("DR Horton"). DC Development has completed the development of Dry Creek Village, Sections One and Two, consisting of 253 single-family residential lots on approximately 88 acres within the District. DR Horton has completed development and homebuilding activities in Parks Edge Sections One, Two and Three consisting of 158 single-family residential lots on approximately 44 acres within the District. DC Development and DR Horton will be reimbursed by bond proceeds from the $5,830,000 principal amount of unlimited tax bonds expected to be issued first quarter of 2021. See "INVESTMENT CONSIDERATIONS—Future Debt."

DC Development is referred to herein as the "Developer."

Major Property Owners

Palmetto/WIHA FB 107 LP owns approximately 63 developable acres in the District, FLC Parkway LP owns approximately 31 developable acres in the District, and Ft. Bend Parkway 34 LP owns approximately 10 developable acres in the District. Such acreages are undeveloped and the District is not aware of any development plans as of the date hereof.

Six Watts Plantation, Ltd. owns approximately 23 developable acres, Airport Kirkwood Ltd. owns approximately 18 developable acres and other various commercial entities own approximately 17 acres, all of which are within the District along Texas State Highway 6. Such acreages are served by underground trunkline utilities for future commercial developments. The District is not aware of any development plans as of the date hereof.

Homebuilding

K Hovnanian Homes and Meritage Homes are the homebuilders in Dry Creek Village, Sections One and Two. The sales price for new homes in Dry Creek Village range from approximately $265,000 to $325,000.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are normally held in May in even numbered years only. All of the Board members reside within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	District Board Title	Term Expires
Donna Giblin	President	May 2022
Jane E. Rotramel	Vice President	May 2022
Megan Robertson	Secretary	May 2022
Jo Ann Masters	Assistant Vice President	May 2020[(a)]
Kenneth Wiltz	Assistant Secretary	May 2020[(a)]

(a) The directors election scheduled for May 2020 was postponed due to the Pandemic and is scheduled to take place on November 3, 2020.

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel/Attorney: The District has engaged The Muller Law Group, PLLC, as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on a combination of a fixed fee and hourly rates actually incurred. See "LEGAL MATTERS" and "TAX MATTERS."

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The District's financial statements for the fiscal year ending June 30, 2019, were audited by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants and are included in "APPENDIX A." The District has engaged McCall Gibson Swedlund Barfoot, PLLC to audit its financial statements for the fiscal year ending June 30, 2020.

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

Tax Appraisal: The Fort Bend Central Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector: The District has retained an independent tax assessor/collector to perform the tax collection function. Bob Leared Interests, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Bookkeeper: The District has contracted with Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is Municipal District Services, LLC.

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend County Drainage District. Fort Bend County, the City, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

Water Supply

Water supply for the District is provided by a water plant owned and operated by the City pursuant to a Regional Joint Water Facilities Agreement (the "2011 Agreement"). The City has reserved and allocated 1,681 equivalent single-family connections ("ESFCs") to the District. The District is billed monthly for operating expenses comprised of fixed and variable costs. Fixed costs are shared based upon the pro rata share of plant capacity and variable costs are based upon the proportion of the number of gallons used by each participant. As of September 10, 2020, the District was serving 1,216 active ESFCs, not including the customers served directly by the City as described below.

On February 15, 2016, the District and the City entered into a Utility Agreement ("Utility Agreement") that modified the 2011 Agreement related to future development in the District. The Utility Agreement was amended and restated on April 5, 2017 ("Amended Utility Agreement"). The Amended Utility Agreement provides that future water customers will be served directly by the City. This includes the new Parks Edge and Dry Creek Village developments.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal, including the water supplied to the District by the City. The City's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District.

The Subsidence District's regulations require the City, individually or collectively with other water users, to: (i) have prepared a groundwater reduction plan ("GRP") and obtained certification of the GRP from the Subsidence District by 2008; (ii) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the GRP, beginning January 2014; and (iii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the GRP, beginning January 2025.

On July 1, 2008, the District executed a City of Missouri City Joint Groundwater Reduction Plan Participant Agreement for Regulatory Area A of the Fort Bend Subsidence District (the "Agreement"). The Agreement is between the District and the City, and under the terms of the Agreement, the City is responsible for the design, construction and operation of a surface water treatment plant project to meet the above surface water conversion compliance criteria. The City has developed and obtained certification for a Groundwater Reduction Plan ("GRP") for itself and other participants in the City's GRP, or within its extraterritorial jurisdiction, including the District. The GRP is based upon a project to supply treated surface water and includes a plan for co-permitting all groundwater wells. The City charges a fee, currently $1.72 per 1,000 gallons to finance implementation of the GRP. This fee is passed through to the District's customers as part of the District's standard monthly water and sewer bills. The rate is anticipated to increase in the future and the District cannot predict the amount or level of fees and charges, which may be due to the City in the future. The District may continue to pass such fees through to its customers through higher water rates or the District may pay for such fees with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the City: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, or (ii) will comply with the Subsidence District's surface water conversion requirements.

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

Wastewater Treatment

Wastewater from the District is provided by a 950,000 gallon per day ("gpd") wastewater treatment plant ("WWTP") owned and operated by the City pursuant to a Regional Wastewater Treatment Agreement (the "2010 Agreement"). The City has reserved and allocated 1,734 ESFCs to the District. The District is obligated to pay a pro rata share of the operating expenses associated with the WWTP and may purchase additional capacity from the City by paying a capital recovery fee established by the City in an amount equal to the per gallon capital costs of the WWTP, currently estimated at $6.31 per gallon. The Amended Utility Agreement provides that future wastewater customers will be served directly by the City. This includes the new Parks Edge and Dry Creek Village developments. Construction is underway by the City to rehabilitate and expand the WWTP. The District has expended approximately $723,000 and expects to expend an additional approximately $975,000 of surplus general operating funds in connection with the rehabilitation portion of the project. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED). As of September 10, 2020, the District was serving 1,216 active ESFCs, not including the customers served directly by the City.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,648 single-family residential lots on approximately 472 acres in the District and approximately 72 acres of commercial and multi-family residential development. See "THE DISTRICT—Land Use."

100-Year Flood Plain

"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, 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, improvements are 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 no assurance that improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to the City and County's design regulations at the time they were developed. There are approximately 10 acres of property located in the effective 100-year flood plain within the District. This 10 acres will require flood plain mitigation if development is to occur within such acres. See "INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey."

Atlas 14

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.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Taxable Assessed Valuation	$370,415,500	(a)
Estimated Taxable Assessed Valuation as of May 1, 2020	$397,849,386	(b)
Gross Direct Debt Outstanding (the Remaining Outstanding Bonds and the Bonds)	$21,050,000	(c)
Estimated Overlapping Debt	20,691,914	(d)
Gross Direct Debt and Estimated Overlapping Debt	$41,741,914	
Ratio of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	5.68%	(e)
Estimated Taxable Assessed Valuation as of May 1, 2020	5.29%	(e)
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation	11.27%	(e)
Estimated Taxable Assessed Valuation as of May 1, 2020	10.49%	(e)
Debt Service Fund Balance as of September 10, 2020	$2,278,355	(f)
Operating Funds Available as of September 10, 2020	$4,929,512	(g)
Capital Projects Funds Available as of September 10, 2020	$256,778	

(a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified $362,195,020 of taxable value and an additional $8,220,480 remains uncertified and subject to review and adjustment prior to certification. The 2020 Taxable Assessed Valuation shown herein is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on May 1, 2020. Increases in value that occur between January 1, 2020 and May 1, 2020 will be assessed for purposes of taxation on January 1, 2021. No tax will be levied on such amount until it is certified in the summer of 2021. See "TAXING PROCEDURES."

(c) After the issuance of the Bonds and the refunding of the Refunded Bonds. Excludes the District's October 1, 2020 principal payment of $1,240,000. See "Outstanding Bonds" herein.

(d) See "Estimated Overlapping Debt" herein.

(e) The debt ratios throughout the Official Statement exclude the District's October 1, 2020 principal payment in the amount of $1,240,000, funds for which are included in the Debt Service Fund balance shown throughout the Official Statement.

(f) Includes the District's October 1, 2020 debt service payment in the approximate amount of $1,892,828. Neither Texas law nor the Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund.

(g) The District has expended approximately $723,000 and expects to expend and additional approximately $975,000 in connection with participating in the City's Wastewater Treatment Plant rehabilitation and expansion project. The District also expects to pay approximately $700,000 in water and sewer charges to The City. See "THE SYSTEM—Wastewater Treatment."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code ("Public Funds Investment Act"). The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. In compliance with the Public Funds Investment Act, funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the principal balance of the Outstanding Bonds that will be outstanding after the District's October 1, 2020 principal payment, the Refunded Bonds and the Remaining Outstanding Bonds.

Series	Principal Amount	Currently Outstanding (b)	Refunded Bonds	Outstanding Bonds
2013	$ 4,140,000	$ 2,590,000	$ 2,290,000	$ 300,000
2015 (a)	4,345,000	3,710,000	3,500,000	210,000
2015	3,565,000	2,815,000	-	2,815,000
2016	2,665,000	2,165,000	-	2,165,000
2019	8,075,000	7,725,000	-	7,725,000
2019 (a)	2,370,000	2,080,000	-	2,080,000
Total	$ 25,160,000	$ 21,085,000	$ 5,790,000	$ 15,295,000
The Bonds				5,755,000
The Bonds and Remaining Outstanding Bonds				$ 21,050,000

(a) Unlimited tax refunding bonds.
(b) Excludes the District's October 1, 2020 principal payment.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($5,790,000 principal amount), plus the debt service on the Bonds. This schedule excludes the District's October 1, 2020 debt service payment of $1,892,828.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2021	$ 1,887,202.30	$ 157,867.50	$ -	$ 129,413.61	$ 129,413.61	$ 1,858,748.41
2022	1,860,417.50	372,867.50	210,000	131,500.00	341,500.00	1,829,050.00
2023	1,843,172.05	527,572.05	375,000	122,725.00	497,725.00	1,813,325.00
2024	1,809,630.30	818,092.80	680,000	106,900.00	786,900.00	1,778,437.50
2025	1,784,412.05	806,224.55	690,000	86,350.00	776,350.00	1,754,537.50
2026	1,752,820.65	789,045.65	690,000	69,100.00	759,100.00	1,722,875.00
2027	1,678,229.25	731,866.75	645,000	55,750.00	700,750.00	1,647,112.50
2028	1,673,573.05	720,298.05	650,000	42,800.00	692,800.00	1,646,075.00
2029	1,632,856.20	698,606.20	640,000	29,900.00	669,900.00	1,604,150.00
2030	1,506,575.00	191,662.50	140,000	22,100.00	162,100.00	1,477,012.50
2031	1,715,362.50	186,787.50	140,000	19,300.00	159,300.00	1,687,875.00
2032	1,691,425.00	81,725.00	35,000	17,550.00	52,550.00	1,662,250.00
2033	1,402,262.50	480,037.50	440,000	12,800	452,800.00	1,375,025.00
2034	1,352,825.00	454,850.00	420,000	4,200	424,200.00	1,322,175.00
2035	883,100.00	-	-	-	-	883,100.00
2036	861,925.00	-	-	-	-	861,925.00
2037	849,975.00	-	-	-	-	849,975.00
2038	517,500	-	-	-	-	517,500.00
Total	$ 26,703,263.35	$ 7,017,503.55	$ 5,755,000	$ 850,388.61	$ 6,605,388.61	$ 26,291,148.41

Maximum Annual Debt Service Requirement (2021)..$1,858,748
Average Annual Debt Service Requirement (2021-2038)......................................$1,460,619

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Fort Bend County……………………………………	$ 642,587,527	7/31/2020	0.48%	$ 3,084,420
Fort Bend Independent School District…………….	1,138,398,767	7/31/2020	0.82%	9,334,870
Houston Community College……………………….	528,150,000	7/31/2020	0.15%	792,225
City of Missouri City……………………………….	155,195,000	7/31/2020	4.82%	7,480,399
Total Estimated Overlapping Debt………………….				$ 20,691,914
The District…………………………………………..	21,050,000 (a)	Current	100.00%	21,050,000
Total Direct and Estimated Overlapping Debt…………………………………………………………………………………………				$ 41,741,914
Ratio of Estimated Direct and Overlapping Debt to 2020 Taxable Assessed Valuation………………………………………..				11.27%
Ratio of Estimated Direct and Overlapping Debt to Estimated Taxable Assessed Valuation as of May 1, 2020………………				10.49%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "Estimated Overlapping Debt" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2019 tax year by all taxing jurisdictions overlapping the District and the 2020 tax rate for the District. None of the entities below have established a 2020 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County (including Fort Bend County Drainage District)…………………	$ 0.46000
City of Missouri City……………………………………………..………………………	0.63000
Houston Community College System.…………………………………………………	0.10026
Fort Bend Independent School District………………………………………………	1.27000
Total Overlapping Tax Rate…………………………………….…………………...…	$ 2.46026
The District………………………………………………………………………………	0.86000
Total Tax Rate……………………………………………………………………………	$ 3.32026

General Operating Fund

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ended June 30, 2016 through 2019 and an unaudited summary from the District's Bookkeeper for the fiscal year ended June 30, 2020. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended June 30				
	2020 (a)	2019	2018	2017	2016
Revenues:					
Property Taxes	$ 935,817	$ 980,909	$ 1,247,981	$ 1,052,812	$ 778,625
Water and Wastewater Service	861,578	832,750	831,598	792,949	752,979
Groundwater Reduction Fees	184,390	171,379	174,748	172,837	172,549
Penalty and Interest	18,595	20,760	20,063	25,152	23,903
Tap Connection and Inspection Fees	94,834	4,255	85,843	73,331	133,285
Investment Revenues	72,068	87,854	33,979	7,214	4,807
Miscellaneous	29,602	16,429	24,895	127,828	29,153
Total Revenues	$ 2,196,884	$ 2,114,336	$ 2,419,107	$ 2,252,123	$ 1,895,301
Expenditures:					
Professional Fees	$ 252,863	$ 159,013	$ 203,687	$ 190,719	$ 162,080
Purchased and Contracted Services	396,001	779,637	761,418	812,185	673,040
Utilities	6,414	5,615	3,697	3,182	2,548
Repairs and Maintenance	244,806	434,081	233,687	283,085	232,461
Other	125,669	121,822	144,082	136,787	168,793
Capital Outlay	983,466	910,139 (b)	1,780,871 (c)	387,466	194,660
Total Expenditures	$ 2,009,219	$ 2,410,307	$ 3,127,442	$ 1,813,424	$ 1,433,582
NET REVENUES	$ 187,665	$ (295,971)	$ (708,335)	$ 438,699	$ 461,719
Interfund Transfers	$ -	$ 46,777	$ -	$ 21,614	$ 41,320
Contributed by Other Governmental Unit	$ -	$ 260,731	$ -	$ -	$ -
Developer Advances	$ 68,000	$ 792,728 (b)	$ 1,696,866 (c)	$ -	$ -
Prior Period Adjustment	$ -	$ -	$ 69,244 (d)	$ -	$ -
General Operating Fund Balance (Beginning of Year)	$ 4,128,732	$ 3,324,467 (c)	$ 2,266,692	$ 1,806,379	$ 1,303,340
General Operating Fund Balance (End of Year)	$ 4,384,397	$ 4,128,732	$ 3,324,467	$ 2,266,692	$ 1,806,379

(a) Unaudited. Provided by the District's Bookkeeper.
(b) Developers deposited approximately $741,064 with the District for the construction of Parks Edge Lift Station No. 1. The District made payments with funds advanced by the developers in the District for such projects, as reflected by the capital outlay.
(c) Developers deposited funds with the District for certain projects including wastewater and drainage facilities to serve Parks Edge, Section One, water and wastewater impact fees for Parks Edge and Dry Creek Village, offsite sanitary sewer force main for Parks Edge and a portion of the Vicksburg trailway. The District made payments with funds advanced by the developers in the District for such projects, as reflected by the capital outlay.
(d) In fiscal year 2019, it was determined that builders meter deposits had been inaccurately overstated in previous years and therefor balances in fiscal year 2018 were adjusted to correct such error.

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "INVESTMENT CONSIDERATIONS—Factors Affecting Taxable Values and Tax Payments," "—Historical Tax Rate Distribution" and "—Tax Roll Information" below and "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted July 16, 1983, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate in an unlimited amount. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Historical Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.595	$ 0.595	$ 0.610	$ 0.490	$ 0.520
Maintenance and Operations	0.265	0.305	0.340	0.470	0.440
Total	$ 0.860	$ 0.900	$ 0.950	$ 0.960	$ 0.960

Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2020, the District has granted a $5,000 tax exemption on residential homesteads for persons 65 years of age or older or disabled. The Developer has executed, or will execute pursuant to TCEQ Rule 293.59, a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below.

				Total Collections as of July 31, 2020 (c)	
Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Amount	Percent
2015	$ 201,572,109	$ 0.98	$ 1,975,520	$ 1,971,652	99.80%
2016	240,137,530	0.96	2,305,296	2,296,731	99.63%
2017	565,539,922	0.96	2,551,625	2,535,103	99.35%
2018	291,656,906	0.95	2,770,745	2,747,534	99.16%
2019	309,139,883	0.90	2,782,259	2,745,283	98.67%

(a) Net valuation represents final gross appraised value as certified by the Appraisal Districts less any exemptions granted. See "Tax Roll Information" above for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal Districts, as of the date hereof.
(c) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2016 through 2020 Taxable Assessed Valuations. Breakdowns of the uncertified portion ($8,220,480) of the 2020 Taxable Assessed Valuation of $370,415,500 and the Estimated Taxable Assessed Valuation as of May 1, 2020 of $397,849,386 are not available. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

Tax Year	Type of Property: Land	Improvements	Personal Property	Gross Assessed Valuations	Deferments and Exemptions	Uncertified Value	Net Assessed Valuations
2016	$ 54,428,370	$ 191,630,780	$ 1,956,700	$ 248,015,850	$ (7,878,320)	$ -	$ 240,137,530
2017	56,891,480	513,456,450	2,605,077	572,953,007	(7,413,085)	-	565,539,922
2018	60,785,260	234,585,712	3,056,500	298,427,472	(6,770,566)	-	291,656,906
2019	64,153,750	250,515,353	3,765,680	318,434,783	(9,294,900)	-	309,139,883
2020	69,559,950	301,235,225	3,330,250	374,125,425	(11,930,405)	8,220,480	370,415,500

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($362,195,020) of the 2020 Taxable Assessed Valuation of $370,415,500. This represents ownership as of January 1, 2020. Principal taxpayer list related to the uncertified portion ($8,220,480) of the 2020 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of May 1, 2020 of $397,849,386 are not available.

Taxpayer	Type of Property	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
PS LPT Properties Investors	Land & Improvements	$ 10,063,290	2.78%
Kim Yong Kyu & Chong Hye	Land & Improvements	6,513,650	1.80%
SP Huntington Partners	Land & Improvements	4,248,230	1.17%
Craig/Polk Partnership LLP	Land & Improvements	3,336,420	0.92%
Palmetto/WIHA FB 107 LP (a)	Land	2,037,830	0.56%
Six Watts Plantation, Ltd. (a)	Land	1,918,770	0.53%
Dana - Y Investement Ltd.	Land & Improvements	1,827,750	0.50%
Airport Kirkwood Ltd. (a)	Land	1,671,240	0.46%
Sano Property LLC	Land & Improvements	1,493,640	0.41%
Halle Properties LLC	Land & Improvements	1,378,870	0.38%
Total		$ 34,489,690	9.52%

(a) See "THE DEVELOPER AND MAJOR PROPERTY OWNERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2020 Taxable Assessed Valuation of $370,415,500 ($362,195,020 of certified value plus $8,220,480 of uncertified value) or the Estimated Taxable Assessed Valuation as of May 1, 2020 of $397,849,386. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2021-2038)	$1,460,619
$0.42 Tax Rate on the 2020 Taxable Assessed Valuation	$1,477,958
$0.39 Tax Rate on Estimated Taxable Assessed Valuation as of May 1, 2020	$1,474,032
Maximum Annual Debt Service Requirement (2021)	$1,858,748
$0.53 Tax Rate on the 2020 Taxable Assessed Valuation	$1,865,042
$0.50 Tax Rate on Estimated Taxable Assessed Valuation as of May 1, 2020	$1,889,785

No representation or suggestion is made that the uncertified portion of the 2020 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of May 1, 2020 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

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 herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt certain residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the

Board. For the 2020 tax year, the Board of the District granted a $5,000 tax exemption on residential homesteads for persons 65 years of age or older or disabled. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran, or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by June 30. The District has granted a $5,000 tax exemption on residential homesteads for persons 65 years of age or older or disabled for the 2020 tax year. See "TAX DATA."

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 property for all prior and subsequent years.

Tax Abatement

Fort Bend County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, the City and the District, under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

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

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) 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 fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

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

The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. 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, 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 in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest 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. Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes for 2019." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax or both subject to the restrictions on residential homesteads described in the preceding section under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within 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. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Missouri City, Fort Bend County, the State of Texas or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy Limitations" herein.

Infectious Disease Outbreak (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"). The Governor has issued successive renewals of the State disaster declarations, and the State disaster declaration remains in effect. 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 limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values 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.

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

Potential Effects of Oil Price Declines on the Houston Area

The recent declines in oil prices in the U.S. and globally, which at times have led to the lowest 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 or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Recent Extreme Weather Events; Hurricane Harvey

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 has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

According to the Operator, the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the Engineer, no homes or other improvements within the District experienced flooding or other material damage as a result of Hurricane Harvey.

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.

Specific Flood Type Risks

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

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots where homebuilding is ongoing, along with some multi-family and commercial development. The market value of such properties is related to general economic conditions in the Houston region and the national economy and those conditions can affect the demand for residences. Demand for residential lots of this type and the construction of homes thereon and the demand for commercial tracts of land can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. 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 construction within the District. In addition, since the District is located approximately 23 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, 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 decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes and commercial properties in the District, which is 23 miles from downtown Houston, could be affected by competition from other residential and commercial developments including other residential developments located in the western portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

Undeveloped Acreage

There are approximately 159 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage and detention facilities necessary to the construction of taxable improvements including approximately 58 acres of developable land within the District that is served by underground trunkline utilities for future commercial development. The District makes no representation as to when or if development of such acreages will occur. See "THE DISTRICT—Land Use."

Development and Home Construction in the District

As of August 19, 2020, approximately 100 developed lots within the District owned by the Developer and/or homebuilders remained vacant. Future increases in value will result primarily from the construction of new homes or from development of the 159 acres of undeveloped land (approximately 58 acres of which are served by underground trunkline facilities). The District makes no representation with regard to whether or not the homebuilding and future development programs will be successful or improvements will be constructed on such undeveloped acreage. See "THE DISTRICT—Land Use—Status of Development" and "THE DEVELOPER AND MAJOR PROPERTY OWNERS."

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

At bond elections held within the District, voters of the District have authorized the issuance of $51,570,000 of unlimited tax bonds for a water, sewer and drainage system and a like principal amount for refunding such bonds. After issuance of the Bonds, $2,139,943.44 principal amount of unlimited tax refunding bonds and $23,055,000 principal amount of combination unlimited tax and refunding bonds remain authorized but unissued. The District has submitted a bond application to the TCEQ requesting authorization to issue approximately $5,830,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District anticipates issuance of such bonds in the first quarter of 2021. Voters may authorize the issuance of additional bonds secured by ad valorem taxes in future elections. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District currently owes $5,500,000 to the Developer for the construction of water, wastewater and drainage facilities. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. Any bonds issued by the District, however, must be approved by the Attorney General of Texas, the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the TCEQ. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems ("MS4s") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from MS4s. The District has submitted all necessary documentation to the TCEQ for MS4 Permit compliance. In order to maintain its current compliance with the TCEQ under the MS4 Permit, the District continues to develop and implement the required plans as well as install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff.

In 2015, the EPA and the United States Army Corps of Engineers ("USACE") promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

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

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

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

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 became effective on June 22, 2020, and is the subject of further litigation.

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

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

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

Changes in Tax Legislation

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

Risk Factors on Municipal Bond Insurance

The District has entered into an agreement with Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and A2 (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

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

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

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

LEGAL MATTERS

Legal Proceedings

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

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

The Muller Law Group, PLLC also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to in its capacity as General Counsel are based on time charges actually incurred or a fixed fee. The legal fees paid to The Muller Law Group, PLLC in its capacity as 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 are earned upon sale and delivery of the Bonds.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

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

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

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

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

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

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

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

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

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") will assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook, respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's.

There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 APPENDIX B to this OFFICIAL STATEMENT.

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

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 July 16, 2020, 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 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 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 June 30, 2020:

- The policyholders' surplus of AGM was approximately $2,667 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,018 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 $2,048 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 subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), 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 UK and AGE SA 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);

(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); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All 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 "MUNICIPAL 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 "MUNICIPAL BOND INSURANCE."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by Bob Leared Interests, Inc., and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

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

Auditor: The District's financial statements for the fiscal year ending June 30, 2019, were audited by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants and are included in "APPENDIX A."

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—General Operating Fund" has been provided by Myrtle Cruz, Inc., and is included herein in reliance upon the authority of such firm as an expert in tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the Board has relied in part upon its examination of records of the District, and upon discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "THE SYSTEM," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) (except for "Estimated Overlapping Debt"), "TAX DATA," and in APPENDIX A (the District's Annual Financial Report and Supplemental Schedules). The District will update and provide this information to MSRB within six months after the end of each of its fiscal years ending in or after 2020. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 17 CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District 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 the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an Underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the last five years, the District has no known failures to comply in all material respects with all continuing disclosure undertakings made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

/s/ *Donna Giblin*
President, Board of Directors

ATTEST:

/s/ *Megan Robertson*
Secretary, Board of Directors

APPENDIX A

Financial Statement of the District for the year ended June 30, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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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. 48
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. 48 (the "District"), as of and for the year ended June 30, 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.

Board of Directors
Fort Bend County Municipal
Utility District No. 48

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 June 30, 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 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 12, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 48's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 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 all of the District's assets, liabilities, and 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 as a whole 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 expenditures 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. 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.

FUND FINANCIAL STATEMENTS (Continued)

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 explains the differences between the two presentations and assists 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.

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, assets and deferred outflows of resources exceeded liabilities by $3,914,884 as of June 30, 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 within the District.

The following is a comparative analysis of the Statement of Net Position as of June 30, 2019, and June 30, 2018.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 7,813,351	$ 6,497,811	$ 1,315,540
Capital Assets (Net of Accumulated Depreciation)	21,455,700	20,129,924	1,325,776
Total Assets	$ 29,269,051	$ 26,627,735	$ 2,641,316
Deferred Outflows of Resources	$ 298,502	$ 241,759	$ 56,743
Due to Developer	$ 1,404,434	$ 7,083,109	$ 5,678,675
Long -Term Liabilities	23,097,487	15,699,419	(7,398,068)
Other Liabilities	1,150,748	774,404	(376,344)
Total Liabilities	$ 25,652,669	$ 23,556,932	$ (2,095,737)
Net Position:			
Net Investment in Capital Assets	$ (2,201,479)	$ (1,568,742)	$ (632,737)
Restricted	1,950,154	1,531,230	418,924
Unrestricted	4,166,209	3,350,074	816,135
Total Net Position	$ 3,914,884	$ 3,312,562 *	$ 602,322

The District's net position increased by $602,322, accounting for a 18.2% increase in net position. The following table provides a comparative analysis of the District's operations for the years ending June 30, 2019, and June 30, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 2,772,930	$ 2,545,503	$ 227,427
Charges for Services	1,047,423	1,133,449	(86,026)
Other Revenues	395,643	76,571	319,072
Total Revenues	$ 4,215,996	$ 3,755,523	$ 460,473
Expenses for Services	3,613,674	2,459,285	(1,154,389)
Change in Net Position	$ 602,322	$ 1,296,238	$ (693,916)
Net Position, Beginning of Year	3,312,562	2,016,324	1,296,238
Net Position, End of Year	$ 3,914,884	$ 3,312,562 *	$ 602,322

*As adjusted, see Note 13.

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2019, were $6,683,574, an increase of $1,463,125 from the prior year.

The General Fund fund balance increased by $804,365, primarily due to service and tax revenues, developer advances and a contribution from another governmental unit exceeding operating and capital costs.

The Debt Service Fund fund balance increased by $402,312, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance increased by $256,448, primarily due to unspent proceeds from the Series 2019 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year to decrease projected property tax revenues. Actual revenues were $12,164 less than budgeted. Actual expenditures were $294,954 more than budgeted expenditures primarily due to higher than anticipated repairs and maintenance costs and capital outlay.

CAPITAL ASSETS

The District's capital assets as of June 30, 2019, amount to $21,455,700 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems. Significant capital asset activity during the current fiscal year included water, wastewater and drainage facilities to serve Parks Edge, Sections 1, 2 and 3, Dry Creek Village, Section 1 and Parks Edge Boulevard, Phase 1; Dry Creek, Phase 1 detention facilities; Dry Creek Village lift station; and the Vicksburg trailway, Phase 1.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 988,378	$ 905,283	$ 83,095
Construction in Progress	741,064		741,064
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,605,654	3,710,110	(104,456)
Wastewater System	7,007,255	6,586,239	421,016
Drainage System	8,629,617	8,576,261	53,356
Walking Trail	483,732	352,031	131,701
Total Net Capital Assets	$ 21,455,700	$ 20,129,924	$ 1,325,776

LONG-TERM DEBT ACTIVITY

As of June 30, 2019, the District had total bond debt payable of $23,165,000.

The changes in the debt position of the District during the fiscal year ended June 30, 2019, are summarized as follows:

Bond Debt Payable, July 1, 2018	$ 15,830,000
Add: Bond Sales	10,445,000
Less: Bond Principal Paid and Refunded	3,110,000
Bond Debt Payable, June 30, 2019	$ 23,165,000

The Series 2008 bonds carry an underlying rating of "BBB+" from Standard and Poor's (S&P) and an insured rating of "AA" by virtue of bond insurance issued by AGC. The Series 2013 bonds carry an underlying rating of "BBB+" from S&P and an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual (BAM). The Series 2015 and Series 2016 bonds carry an underlying rating of "A3" from Moody's and an insured rating of "AA" from S&P by virtue of bond insurance issued by BAM. The Series 2015 Refunding bonds do not carry an underlying or insured rating. The Series 2019 bonds carry an underlying rating of "A3" from Moody's and an insured rating of "AA" from S&P by virtue of bond insurance issued by AGM. The Series 2019 Refunding bonds carry an underlying rating of "A3" from Moody's and insured rating of "AA" from S&P by virtue of bond insurance issued by BAM. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company.

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. 48, c/o The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, TX 77478.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,008,888	$ 1,533,499
Investments	3,989,350	491,130
Receivables:		
Property Taxes	37,377	59,079
Penalty and Interest on Delinquent Taxes		
Service Accounts	89,370	
Accrued Interest	11,826	
Other	5,314	
Due from Developers	7,623	
Due from Other Funds	3,706	4,027
Prepaid Costs	9,264	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
	5,162,718	2,087,735
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,162,718	$ 2,087,735

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 288,139	$ 2,830,526	$	$ 2,830,526
263,123	4,743,603		4,743,603
	96,456		96,456
		19,369	19,369
	89,370		89,370
	11,826		11,826
	5,314		5,314
	7,623		7,623
	7,733	(7,733)	
	9,264		9,264
		988,378	988,378
		741,064	741,064
		19,726,258	19,726,258
551,262	7,801,715	21,467,336	29,269,051
$ -0-	$ -0-	$ 298,502	$ 298,502
$ 551,262	$ 7,801,715	$ 21,765,838	$ 29,567,553

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 863,324	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	4,027	
Due to Taxpayers		5,591
Security Deposits	129,158	
Accrued Interest at Time of Sale		14,563
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 996,509	$ 20,154
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 37,377	$ 59,079
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 9,264	$
Restricted for Authorized Construction		
Restricted for Debt Service		2,008,502
Unassigned	4,119,568	
TOTAL FUND BALANCES	$ 4,128,832	$ 2,008,502
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,162,718	$ 2,087,735
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.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,316	$ 864,640	$	$ 864,640
		151,359	151,359
		1,404,434	1,404,434
3,706	7,733	(7,733)	
	5,591		5,591
	129,158		129,158
	14,563	(14,563)	
		840,000	840,000
		22,257,487	22,257,487
$ 5,022	$ 1,021,685	$ 24,630,984	$ 25,652,669
$ -0-	$ 96,456	$ (96,456)	$ -0-
$	$ 9,264	$ (9,264)	$
546,240	546,240	(546,240)	
	2,008,502	(2,008,502)	
	4,119,568	(4,119,568)	
$ 546,240	$ 6,683,574	$ (6,683,574)	$ -0-
$ 551,262	$ 7,801,715		
		$ (2,201,479)	$ (2,201,479)
		1,950,154	1,950,154
		4,166,209	4,166,209
		$ 3,914,884	$ 3,914,884

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances - Governmental Funds		$ 6,683,574
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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 new debt or the old debt, whichever is shorter.		298,502
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		21,455,700
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.		115,825
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	$ (1,404,434)	
Accrued Interest Payable	(136,796)	
Bonds Payable	(23,097,487)	(24,638,717)
Total Net Position - Governmental Activities		$ 3,914,884

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

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 980,909	$ 1,754,112
Water Service	251,928	
Wastewater Service	580,822	
Groundwater Reduction Fees	171,379	
Penalty and Interest	20,760	11,286
Tap Connection and Inspection Fees	4,255	
Investment Revenues	87,854	17,642
Miscellaneous Revenues	16,429	
TOTAL REVENUES	$ 2,114,336	$ 1,783,040
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 159,013	$ 2,585
Contracted Services	253,821	44,137
Purchased Water and Wastewater Service	525,816	
Utilities	5,615	
Repairs and Maintenance	434,081	
Depreciation		
Other	121,822	12,809
Capital Outlay	910,139	
Developer Interest		
Debt Service:		
Bond Principal		820,000
Bond Interest		468,200
Bond Issuance Costs		123,043
Payment to Refunded Bond Escrow Agent		39,000
TOTAL EXPENDITURES/EXPENSES	$ 2,410,307	$ 1,509,774
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (295,971)	$ 273,266
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ 46,877	$
Long-Term Debt Issued		
Refunding Bonds		2,370,000
Payment to Refunded Bond Escrow Agent		(2,279,197)
Bond Discount		
Bond Premium		38,243
Contributed by Other Governmental Unit	260,731	
Developer Advances	792,728	
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,100,336	$ 129,046
NET CHANGE IN FUND BALANCES	$ 804,365	$ 402,312
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2018, AS ADJUSTED	3,324,467	1,606,190
FUND BALANCES/NET POSITION - JUNE 30, 2019	$ 4,128,832	$ 2,008,502

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 2,735,021	$ 37,909	$ 2,772,930
	251,928		251,928
	580,822		580,822
	171,379		171,379
	32,046	6,993	39,039
	4,255		4,255
6,324	111,820		111,820
6,663	23,092	260,731	283,823
$ 12,987	$ 3,910,363	$ 305,633	$ 4,215,996
$ 56,449	$ 218,047	$	$ 218,047
	297,958		297,958
	525,816		525,816
	5,615		5,615
	434,081		434,081
		596,789	596,789
76	134,707		134,707
6,931,518	7,841,657	(7,841,657)	
238,955	238,955		238,955
	820,000	(820,000)	
	468,200	47,349	515,549
523,114	646,157		646,157
	39,000	(39,000)	
$ 7,750,112	$ 11,670,193	$ (8,056,519)	$ 3,613,674
$ (7,737,125)	$ (7,759,830)	$ 8,362,152	$ 602,322
$ (46,877)	$	$	$
8,075,000	8,075,000	(8,075,000)	
	2,370,000	(2,370,000)	
	(2,279,197)	2,279,197	
(34,550)	(34,550)	34,550	
	38,243	(38,243)	
	260,731	(260,731)	
	792,728	(792,728)	
$ 7,993,573	$ 9,222,955	$ (9,222,955)	$ -0-
$ 256,448	$ 1,463,125	$ (1,463,125)	$
		602,322	602,322
289,792	5,220,449	(1,907,887)	3,312,562
$ 546,240	$ 6,683,574	$ (2,768,690)	$ 3,914,884

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Governmental Funds	$ 1,463,125
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.	37,909
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.	6,993
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.	(596,789)
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.	7,841,657
Governmental funds report bond premiums as other financing sources in the year received and bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, the bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(3,693)
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.	820,000
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.	(47,349)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(10,445,000)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.	(792,728)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Positon.	2,318,197
Change in Net Position - Governmental Activities	$ 602,322

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 48, located in Fort Bend County, Texas (the "District") was created effective March 8, 1983, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). 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, and to construct 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 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 April 25, 1983, and the first bonds were issued on August 9, 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 or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

<u>Financial Statement Presentation</u>

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

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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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 position 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.

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 statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has three 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.

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 collectable 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 collectable within 60 days of 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.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

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. As of June 30, 2019, the General Fund owes the Debt Service Fund $525 for an excess transfer of maintenance collections tax and $3,502 for an excess reimbursement of arbitrage and bond issuance costs and the Capital Projects Fund owes the General Fund $3,706 for bond issuance costs. During the current fiscal year, the Capital Projects Fund transferred $46,877 to the General Fund to reimburse bond issuance costs.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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. Engineering fees and certain other costs are capitalized as part 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.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 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	10-40
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal 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 to be 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 funds types 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.

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

Unassigned: all other spendable amounts in the General Fund.

When 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.

NOTE 3. LONG-TERM DEBT

	Series 2008	Series 2013	Refunding Series 2015	Series 2015
Amounts Outstanding – June 30, 2019	$ 270,000	$ 2,815,000	$ 4,105,000	$ 3,115,000
Interest Rates	4.50%	2.00% - 3.375%	2.463%	2.00% - 3.50%
Maturity Dates – Serially Beginning/Ending	October 1, 2019	October 1, 2019/2034	October 1, 2019/2029	October 1, 2019/2037
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2017*	October 1, 2020*	October 1, 2020*	October 1, 2023*

	Series 2016	Series 2019	Refunding Series 2019
Amounts Outstanding – June 30, 2019	$ 2,415,000	$ 8,075,000	$ 2,370,000
Interest Rates	2.00% - 3.00%	2.00% - 4.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2019/2037	October 1, 2020/2038	October 1, 2020/2032
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2023*	October 1, 2024*	October 1, 2024*

* Bonds maturing on or after this date are subject to being called at par value plus accrued interest from the most recent integral payment date to the date fixed for redemption. Series 2013 term bonds maturing on October 1, 2022, October 1, 2024, October 1, 2026, October 1, 2028, October 1, 2030, and October 1, 2034, are subject to mandatory redemption on October 1, 2021, October 1, 2023, October 1, 2025, October 1, 2027, October 1, 2029, and October 1, 2031, respectively. Series 2015 term bonds maturing on October 1, 2027, October 1, 2029, October 1, 2032, October 1, 2034, and October 1, 2037, are subject to mandatory redemption on October 1, 2026, October 1, 2028, October 1, 2031, October 1, 2033, and October 1, 2035, respectively. Series 2016 term bonds maturing on October 1, 2028, October 1, 2030, October 1,2032, October 1, 2035, and October 1, 2037, are subject to mandatory redemption on October 1, 2027, October 1, 2029, October 1, 2031, October 1, 2033, and October 1, 2036, respectively. Series 2019 term bonds maturing on October 1, 2038 are subject to mandatory redemption on October 1, 2037. Series 2019 Refunding term bonds maturing on October 1, 2031 are subject to mandatory redemption on October 1, 2027.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2019:

	July 1, 2018	Additions	Retirements	June 30, 2019
Bonds Payable	$ 15,830,000	$ 10,445,000	$ 3,110,000	$ 23,165,000
Unamortized Discounts	(130,581)	(34,550)	(59,399)	(105,732)
Unamortized Premiums		38,243	24	38,219
Bonds Payable, Net	$ 15,699,419	$ 10,448,693	$ 3,050,625	$ 23,097,487

Amount Due Within One Year	$ 840,000
Amount Due After One Year	22,257,487
Bonds Payable, Net	$ 23,097,487

As of June 30, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 840,000	$ 682,230	$ 1,522,230
2021	1,240,000	635,016	1,875,016
2022	1,270,000	598,810	1,868,810
2023	1,280,000	561,795	1,841,795
2024	1,300,000	523,905	1,823,905
2025-2029	6,495,000	2,120,278	8,615,278
2030-2034	6,645,000	1,203,466	7,848,466
2035-2039	4,095,000	301,414	4,396,414
	$ 23,165,000	$ 6,626,914	$ 29,791,914

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 June 30, 2019, the District levied an ad valorem debt service tax rate of $0.61 per $100 of assessed valuation, which resulted in a tax levy of $1,779,129 on the adjusted taxable valuation of $291,660,070 for the 2018 tax year. The bond order and bond resolution 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 the maintenance tax levy.

NOTE 3. LONG-TERM DEBT (Continued)

The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

A. The bond resolutions state the District will maintain insurance on the system of a kind and in amount which usually would be carried by private companies engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

B. The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data, as well as notice of certain material events as defined by federal securities laws, with respect to the District to the Municipal Securities Rulemaking Board through its EMMA system. 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.

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 $3,550,526 and the bank balance was $3,613,665. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 1,008,888	$ 720,000	$ 1,728,888
DEBT SERVICE FUND	1,533,499		1,533,499
CAPITAL PROJECTS FUND	288,139		288,139
TOTAL DEPOSITS	$ 2,830,526	$ 720,000	$ 3,550,526

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's investment policy may be more restrictive than the Public Funds Investment Act.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. TexPool and TexStar meet the criteria established in GASB No. 79 and measure all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool or TexSTAR.

As of June 30, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 1,583,568	$ 1,583,568
TexSTAR	1,685,782	1,685,782
Certificates of Deposit	720,000	720,000
DEBT SERVICE FUND		
TexPool	491,130	491,130
CAPITAL PROJECTS FUND		
TexPool	263,123	263,123
TOTAL INVESTMENTS	$ 4,743,603	$ 4,743,603

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019, the District's investments in TexPool and TexSTAR were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with maturities of less than one year.

Interest rate risk is the risk the 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. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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 fiscal year ended June 30, 2019:

	July 1, 2018	Increases	Decreases	June 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 905,283	$ 83,095	$	$ 988,378
Construction in Progress		1,922,564	1,181,500	741,064
Total Capital Assets Not Being Depreciated	$ 905,283	$ 2,005,659	$ 1,181,500	$ 1,729,442
Capital Assets Subject to Depreciation				
Water System	$ 4,763,165	$ 111	$	$ 4,763,276
Wastewater System	8,549,221	622,555		9,171,776
Drainage System	10,960,082	306,665		11,266,747
Walking Trail	373,739	169,075		542,814
Total Capital Assets Subject to Depreciation	$ 24,646,207	$ 1,098,406	$ -0-	$ 25,744,613
Accumulated Depreciation				
Water System	$ 1,053,055	$ 104,567	$	$ 1,157,622
Wastewater System	1,962,982	201,539		2,164,521
Drainage System	2,383,821	253,309		2,637,130
Walking Trail	21,708	37,374		59,082
Total Accumulated Depreciation	$ 5,421,566	$ 596,789	$ -0-	$ 6,018,355
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 19,224,641	$ 501,617	$ -0-	$ 19,726,258
Total Capital Assets, Net of Accumulated Depreciation	$ 20,129,924	$ 2,507,276	$ 1,181,500	$ 21,455,700

NOTE 7. MAINTENANCE TAX

On July 16, 1983, the voters of the District approved the levy and collection of a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. During the year ended June 30, 2019, the District levied an ad valorem maintenance tax rate of $0.34 per $100 of assessed valuation, which resulted in a tax levy of $991,645 on the adjusted taxable valuation of $291,660,070 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay operating and maintenance expenditures of the District.

NOTE 8. 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.

NOTE 9. REGIONAL WASTEWATER TREATMENT AND WATER SUPPLY AGREEMENT

On October 4, 2004, the District entered into a Regional Wastewater Treatment and Water Supply Agreement (the "2004 Agreement") with the City of Missouri City, Texas (the "City"), Fort Bend County Municipal Utility District No. 47 ("District No. 47") and Vicksburg Joint Powers Board. The District and District No. 47 owned the Vicksburg wastewater treatment plant ("WWTP") that had 0.35 million gallons per day (mgd) of capacity and the Vicksburg water plant that had .66 mgd of capacity. The District and District No. 47 amended the TCEQ waste discharge permit for the Vicksburg WWTP in order for an expansion of up to 0.20 mgd to be made to such facility through the use of package plants and resulting in an ultimate capacity of 0.55 mgd. This expansion was completed in December 2006 and the WWTP had capacity of 0.55 mgd, in which the City owns 0.20 mgd. The District and District No. 47 obtained a new discharge permit that allowed for an expansion of 0.40 mgd (total plant capacity of up to 0.95 mgd). This expansion was complete in December of 2009, giving the WWTP capacity of 0.95 mgd, in which the City would own 0.60 mgd. Pursuant to that certain "Regional Wastewater Treatment Facilities Agreement by and between the City of Missouri City, Texas and Fort Bend County Municipal Utility District No. 48" dated March 1, 2010 (the "2010 Agreement"), the District transferred all of its rights, title, and interest in the WWTP to the City for ownership and operation. This 2010 Agreement supersedes the 2004 Agreement.

Under the terms of the 2010 Agreement, the City is obligated to accept all domestic wastewater from the District at the WWTP. The District reserved .175 mgd of capacity in the WWTP. The District may purchase additional capacity from the City by paying a capital recovery fee established by the City in an amount equal to the per gallon capital costs of the WWTP (initial estimated fee is $4.10 per gallon). The District has a right of first refusal to an additional .14 mgd. The WWTP currently has a capacity of .95 mgd. The City is obligated to expand the WWTP as needed to accommodate development in the area. Under the terms of the 2010 Agreement, the District is also obligated to pay a pro rata share of the operating expenses of the WWTP. During a prior fiscal year, the District purchased an additional 132,840 gpd of capacity for $574,000, using $467,423 of surplus funds.

Pursuant to that certain "Regional Joint Water Facilities Agreement by and between the City of Missouri City, Texas and Fort Bend Municipal Utility District No. 48" dated September 6, 2011 (the "2011 Agreement"), the District transferred all of its rights, title, and interest in the water plant to the City for ownership and operation. During the current year, the District recorded expenditures of $525,816 for purchased water and wastewater service from the City.

Under the terms of the 2011 Agreement, the District has been allocated .38 mgd of reserved capacity. The District may not contract with any third party for water services without obtaining prior approval from the City. The District may purchase additional capacity from the City by paying a capital recovery fee. The City is obligated to expand its water production system to accommodate growth in the District as needed. The District is obligated to submit annual growth projections to the City.

NOTE 9. REGIONAL WASTEWATER TREATMENT AND WATER SUPPLY AGREEMENT (Continued)

On February 15, 2016, the District and the City entered into a Utility Agreement that modified the 2010 Agreement and the 2011 Agreement related to future development in the District. The Utility Agreement was amended on March 20, 2017. The current Agreement provides that future water and sewer customers will be served directly by the City. The City will own and operate the sewer collection system and keep all revenues of the system. Capacity will be purchased thru a capital recovery fee.

NOTE 10. CITY OF MISSOURI CITY JOINT GROUNDWATER REDUCTION PLAN PARTICIPANT AGREEMENT

On July 1, 2008 the District executed a City of Missouri City Joint Groundwater Reduction Plan Participant Agreement for Regulatory Area A of the Fort Bend Subsidence District (the "Agreement"). The Agreement is between the District and the City of Missouri City, Texas (the "City"). Under the terms of the Agreement the City is responsible for the design, construction and operation of a project to meet compliance criteria of the Fort Bend Subsidence District (the "Subsidence District"). That criteria has deadlines as follows: January 2013 deadline to reduce groundwater withdrawals such that the City and participants, including the District, have a group withdrawal from groundwater of no more than 70% of overall demand, and a subsequent deadline in January 2025 to further reduce and maintain groundwater withdrawals to no more than 40% of overall demand.

The District must begin taking water under the Agreement, if ever, at a date to be decided by the City, or earlier if needed (and agreed to by the City). The City will determine the minimum amount of water to be taken and establish maximum peak rates of flow. The City can specify where the District will connect to the system.

The City's Groundwater Reduction Plan (GRP) was developed for itself, the District and other entities. The GRP is based upon the project to supply treated water from alternative sources and includes a plan for co-permitting all groundwater wells owned or controlled by the other participants in accordance with requirements of the Subsidence District. The City and District agree to cooperate to allow co-permitting of their wells under the Subsidence District's rules as provided in the GRP. The District agrees to pay the City a water well pumpage fee, based on the amount of water pumped from all wells owned and operated by the District. This fee will enable the City to operate and maintain the system. The current pumpage fee charged is $1.72 per 1,000 gallons of water pumped from each well. The term of the Agreement extends until December 31, 2058, unless sooner terminated pursuant to the terms of the Agreement.

NOTE 11. UNREIMBURSED COSTS

The District has entered into development financing agreements with developers within the District. The developers have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of the balance sheet date, the District has recorded a liability in the amount of $1,404,434 for completed projects and construction advances paid for by the developers related to construction and engineering of utilities within the District.

NOTE 12. BOND SALES

On February 14, 2019, the District issued $8,075,000 of Unlimited Tax Bonds, Series 2019. Proceeds from the bonds were used to reimburse developers for engineering and construction costs for water, wastewater and drainage facilities to serve Parks Edge Boulevard, Phase 1, Dry Creek Village, Section 1 and Parks Edge, Sections 1, 2 and 3; Dry Creek Village, Phase 1 clearing and grubbing; Dry Creek Village, Phase 1 offsite water and wastewater facilities; Dry Creek Village lift station, detention facilities and land; Mustang Bayou Diversion Channel; water and wastewater impact fees; and storm water pollution prevention planning. Additional proceeds were used to pay for issuance costs of the bonds.

One June 27, 2019, the District issued $2,370,000 of Unlimited Tax Refunding Bonds, Series 2019. The net proceeds of $2,279,197 and $39,000 of available Debt Service fund monies were used to call and refund $2,290,000 of Series 2008 bonds. As a result, the refunded bonds are considered to be defeased and have been removed as a liability in the Statement of Net Position. The effect of the refunding obtains gross debt service savings of $255,405 and net present value savings of $197,518.

NOTE 13. PRIOR PERIOD ADJUSTMENT

During the current fiscal year, it was determined that builders meter deposits have been inaccurately overstated in previous years and need to be written off. The effect of making this adjustment is as follows:

General Fund Balance, July 1, 2018	$ 3,255,223
Effect of Adjustment	69,244
General Fund Balance, July 1, 2018, As Adjusted	$ 3,324,467
Net Position - July 1, 2018	$ 3,243,318
Effect of Adjustment	69,244
Net Position - July 1, 2018, As Adjusted	$ 3,312,562

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,113,000	$ 969,000	$ 980,909	$ 11,909
Water Service	295,000	295,000	251,928	(43,072)
Wastewater Service	540,000	540,000	580,822	40,822
Groundwater Reduction Fees	180,000	180,000	171,379	(8,621)
Penalty and Interest	17,000	17,000	20,760	3,760
Tap Connection and Inspection Fees	62,500	62,500	4,255	(58,245)
Investment Revenues	15,000	15,000	87,854	72,854
Miscellaneous Revenues	48,000	48,000	16,429	(31,571)
TOTAL REVENUES	$ 2,270,500	$ 2,126,500	$ 2,114,336	$ (12,164)
EXPENDITURES				
Services Operations:				
Professional Fees	$ 146,028	$ 146,028	$ 159,013	$ (12,985)
Contracted Services	277,000	277,000	253,821	23,179
Purchased Water and Wastewater Service	525,000	525,000	525,816	(816)
Utilities	4,000	4,000	5,615	(1,615)
Repairs and Maintenance	325,000	325,000	434,081	(109,081)
Other	209,500	209,500	121,822	87,678
Capital Outlay	628,825	628,825	910,139	(281,314)
TOTAL EXPENDITURES	$ 2,115,353	$ 2,115,353	$ 2,410,307	$ (294,954)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 155,147	$ 11,147	$ (295,971)	$ (307,118)
OTHER FINANCING SOURCES(USES)				
Transfers In	$	$	$ 46,877	$ 46,877
Developer Advances			792,728	792,728
Contributed by Other Governmental Unit			260,731	260,731
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ 1,100,336	$ 1,100,336
NET CHANGE IN FUND BALANCE	$ 155,147	$ 11,147	$ 804,365	$ 793,218
FUND BALANCE - JULY 1, 2018	3,324,467	3,324,467	3,324,467	
FUND BALANCE - JUNE 30, 2019	$ 3,479,614	$ 3,335,614	$ 4,128,832	$ 793,218

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2019

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2019

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order approved April 12, 2018.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 12.00	5,000	N	$ 1.25	5,001 to 10,000
				$ 1.50	10,001 to 15,000
				$ 1.75	15,001 to 20,000
				$ 2.00	20,001 and up
WASTEWATER:	$ 36.64		Y		
SURCHARGE: Surface Water Fee	Fee charged by Missouri City plus $0.05 per 1,000 gallons of usage		N	$ 1.77	1,000 and up

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

Total monthly charges per 10,000 gallons usage: Water: $18.25 Wastewater: $36.64 Surcharge: $17.70

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2019

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾”	1,179	1,173	x 1.0	1,173
1”	17	17	x 2.5	43
1½”	1	1	x 5.0	5
2”	10	10	x 8.0	80
3”			x 15.0	
4”	1	1	x 25.0	25
6”			x 50.0	
8”			x 80.0	
10”			x 115.0	
Total Water Connections	1,208	1,202		1,326
Total Wastewater Connections	1,188	1,182	x 1.0	1,182

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

Gallons pumped into system:	-0-	Water Accountability Ratio: 100.0% (Gallons billed/Gallons purchased)
Gallons billed to customers:	98,331,000	
Gallons purchased:	98,331,000	From: City of Missouri City, Texas

See accompanying independent auditor’s report.

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

Does the District have Debt Service standby fees? Yes ____ No _X_

If yes, Date of the most recent Commission Order: ________________________________

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

If yes, Date of the most recent Commission Order: ________________________________

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County or Counties in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely __X__ Partly ______ Not at all ____

City in which District is located:

City of Missouri City, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes _____ No __X__

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

PROFESSIONAL FEES:		
Auditing	$	16,000
Engineering		31,857
Legal		111,156
TOTAL PROFESSIONAL FEES	$	159,013
PURCHASED SERVICES FOR RESALE:		
Water and Wastewater Service	$	525,816
CONTRACTED SERVICES:		
Bookkeeping	$	19,281
Operations and Billing		59,219
TOTAL CONTRACTED SERVICES	$	78,500
UTILITIES:		
Electricity and Telephone	$	5,615
REPAIRS AND MAINTENANCE	$	434,081
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	21,300
Dues		1,080
Insurance		9,288
Office Supplies and Postage		17,823
Payroll Taxes		1,675
Travel and Meetings		10,364
TOTAL ADMINISTRATIVE EXPENDITURES	$	61,530

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL OUTLAY	$	910,139
TAP CONNECTIONS	$	9,600
SOLID WASTE DISPOSAL	$	175,321
OTHER EXPENDITURES:		
Laboratory Fees	$	9,293
Permit Fees		3,246
Reconnection Fees		6,240
Inspection Fees		5,737
Regulatory Assessment		4,041
Other		22,135
TOTAL OTHER EXPENDITURES	$	50,692
TOTAL EXPENDITURES	$	2,410,307

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
INVESTMENTS
JUNE 30, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0003	Varies	Daily	$ 1,583,568	$
TexSTAR	XXXX2000	Varies	Daily	1,685,782	
Certificate of Deposit	XXXX1617	2.35%	09/08/19	240,000	4,558
Certificate of Deposit	XXXX0632	2.30%	11/14/19	240,000	3,448
Certificate of Deposit	XXXX8224	3.01%	12/19/19	240,000	3,820
TOTAL GENERAL FUND				$ 3,989,350	$ 11,826
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 491,130	$ -0-
CAPITAL PROJECTS FUND					
TexPool	XXXX0002	Varies	Daily	$ 263,123	$ -0-
TOTAL - ALL FUNDS				$ 4,743,603	$ 11,826

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2018	$ 25,607		$ 32,940	
Adjustments to Beginning Balance	1,034	$ 26,641	1,122	$ 34,062
Original 2018 Tax Levy	$ 974,430		$ 1,748,244	
Adjustment to 2018 Tax Levy	17,215	991,645	30,885	1,779,129
TOTAL TO BE ACCOUNTED FOR		$ 1,018,286		$ 1,813,191
TAX COLLECTIONS:				
Prior Years	$ 7,768		$ 8,182	
Current Year	973,141	980,909	1,745,930	1,754,112
TAXES RECEIVABLE - JUNE 30, 2019		$ 37,377		$ 59,079
TAXES RECEIVABLE BY YEAR:				
2018		$ 18,504		$ 33,199
2017		9,401		9,801
2016		4,625		5,466
2015		1,539		2,329
2014		1,148		2,368
2013		737		2,211
2012 and prior		1,423		3,705
TOTAL		$ 37,377		$ 59,079

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017	2016	2015
PROPERTY VALUATIONS:				
Land	$ 60,785,260	$ 56,918,470	$ 54,449,230	$ 51,796,390
Improvements	234,585,702	213,456,460	191,630,780	159,696,840
Personal Property	3,056,500	2,419,987	1,984,450	1,736,375
Exemptions	(6,767,392)	(7,214,445)	(7,820,400)	(11,249,966)
TOTAL PROPERTY VALUATIONS	$ 291,660,070	$ 265,580,472	$ 240,244,060	$ 201,979,639
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.61	$ 0.49	$ 0.52	$ 0.59
Maintenance	0.34	0.47	0.44	0.39
TOTAL TAX RATES PER $100 VALUATION	$ 0.95	$ 0.96	$ 0.96	$ 0.98
ADJUSTED TAX LEVY*	$ 2,770,774	$ 2,549,572	$ 2,306,343	$ 1,979,400
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.13 %	99.25 %	99.56 %	99.80 %

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

Maintenance Tax – Maximum tax rate voted without limitation as to rate or amount approved by voters on July 16, 1983.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	SERIES-2008		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 270,000	$ 6,075	$ 276,075
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	$ 270,000	$ 6,075	$ 276,075

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	S E R I E S - 2 0 1 3		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 100,000	$ 82,287	$ 182,287
2021	125,000	80,038	205,038
2022	150,000	77,006	227,006
2023	150,000	73,444	223,444
2024	150,000	69,694	219,694
2025	150,000	65,756	215,756
2026	150,000	61,725	211,725
2027	150,000	57,600	207,600
2028	150,000	53,288	203,288
2029	150,000	48,787	198,787
2030	150,000	44,100	194,100
2031	150,000	39,225	189,225
2032	150,000	34,256	184,256
2033	50,000	30,881	80,881
2034	450,000	22,444	472,444
2035	440,000	7,425	447,425
2036			
2037			
2038			
2039			
	$ 2,815,000	$ 847,956	$ 3,662,956

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	REFUNDING SERIES-2015		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 195,000	$ 98,705	$ 293,705
2021	200,000	93,840	293,840
2022	210,000	88,791	298,791
2023	215,000	83,557	298,557
2024	225,000	78,142	303,142
2025	525,000	68,902	593,902
2026	530,000	55,910	585,910
2027	530,000	42,856	572,856
2028	490,000	30,295	520,295
2029	495,000	18,165	513,165
2030	490,000	6,034	496,034
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	$ 4,105,000	$ 665,197	$ 4,770,197

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	SERIES - 2015		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 150,000	$ 86,963	$ 236,963
2021	150,000	83,963	233,963
2022	150,000	80,963	230,963
2023	150,000	77,869	227,869
2024	150,000	74,494	224,494
2025	150,000	70,838	220,838
2026	150,000	66,994	216,994
2027	150,000	62,868	212,868
2028	150,000	58,556	208,556
2029	150,000	54,150	204,150
2030	150,000	49,650	199,650
2031	400,000	41,400	441,400
2032	150,000	33,056	183,056
2033	150,000	28,369	178,369
2034	150,000	23,588	173,588
2035	150,000	18,713	168,713
2036	150,000	13,650	163,650
2037	150,000	8,400	158,400
2038	165,000	2,888	167,888
2039			
	$ 3,115,000	$ 937,372	$ 4,052,372

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	SERIES-2016		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 125,000	$ 58,700	$ 183,700
2021	125,000	56,200	181,200
2022	125,000	53,700	178,700
2023	125,000	51,200	176,200
2024	125,000	48,700	173,700
2025	125,000	46,200	171,200
2026	125,000	43,700	168,700
2027	125,000	41,200	166,200
2028	125,000	38,388	163,388
2029	125,000	35,262	160,262
2030	125,000	31,981	156,981
2031	125,000	28,544	153,544
2032	125,000	25,106	150,106
2033	125,000	21,669	146,669
2034	125,000	18,075	143,075
2035	125,000	14,325	139,325
2036	135,000	10,425	145,425
2037	140,000	6,300	146,300
2038	140,000	2,100	142,100
2039			
	$ 2,415,000	$ 631,775	$ 3,046,775

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	SERIES-2019		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$	$ 295,499	$ 295,499
2021	350,000	254,375	604,375
2022	350,000	240,375	590,375
2023	350,000	226,375	576,375
2024	350,000	212,375	562,375
2025	350,000	201,875	551,875
2026	350,000	194,438	544,438
2027	350,000	185,250	535,250
2028	350,000	174,750	524,750
2029	375,000	163,875	538,875
2030	375,000	152,625	527,625
2031	525,000	139,125	664,125
2032	500,000	123,750	623,750
2033	500,000	108,750	608,750
2034	500,000	93,438	593,438
2035	500,000	77,500	577,500
2036	500,000	60,938	560,938
2037	500,000	43,750	543,750
2038	500,000	26,250	526,250
2039	500,000	8,750	508,750
	$ 8,075,000	$ 2,984,063	$ 11,059,063

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

	REFUNDING SERIES-2019		
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$	$ 54,001	$ 54,001
2021	290,000	66,600	356,600
2022	285,000	57,975	342,975
2023	290,000	49,350	339,350
2024	300,000	40,500	340,500
2025	5,000	35,950	40,950
2026	5,000	35,850	40,850
2027	5,000	35,750	40,750
2028	5,000	35,625	40,625
2029	5,000	35,475	40,475
2030	5,000	35,325	40,325
2031	5,000	35,175	40,175
2032	525,000	27,225	552,225
2033	645,000	9,675	654,675
2034			
2035			
2036			
2037			
2038			
2039			
	$ 2,370,000	$ 554,476	$ 2,924,476

See accompanying independent auditor’s report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2019

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 840,000	$ 682,230	$ 1,522,230
2021	1,240,000	635,016	1,875,016
2022	1,270,000	598,810	1,868,810
2023	1,280,000	561,795	1,841,795
2024	1,300,000	523,905	1,823,905
2025	1,305,000	489,521	1,794,521
2026	1,310,000	458,617	1,768,617
2027	1,310,000	425,524	1,735,524
2028	1,270,000	390,902	1,660,902
2029	1,300,000	355,714	1,655,714
2030	1,295,000	319,715	1,614,715
2031	1,205,000	283,469	1,488,469
2032	1,450,000	243,393	1,693,393
2033	1,470,000	199,344	1,669,344
2034	1,225,000	157,545	1,382,545
2035	1,215,000	117,963	1,332,963
2036	785,000	85,013	870,013
2037	790,000	58,450	848,450
2038	805,000	31,238	836,238
2039	500,000	8,750	508,750
	$ 23,165,000	$ 6,626,914	$ 29,791,914

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2019

Description	Original Bonds Issued	Bonds Outstanding July 1, 2018
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2005	$ 3,050,000	$ 115,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2008	4,940,000	2,820,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2013	4,140,000	2,915,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Refunding Bonds - Series 2015	4,345,000	4,175,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2015	3,565,000	3,265,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2016	2,665,000	2,540,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2019	8,075,000	
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Refunding Bonds - Series 2019	2,370,000	
TOTAL	$ 33,150,000	$ 15,830,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding June 30, 2019	Paying Agent
$	$ 115,000	$ 2,444	$ -0-	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	2,550,000	128,337	270,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	84,288	2,815,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	101,968	4,105,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	89,963	3,115,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	125,000	61,200	2,415,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
8,075,000			8,075,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
2,370,000			2,370,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 10,445,000	$ 3,110,000	$ 468,200	$ 23,165,000	

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2019

Bond Authority:	Tax Bonds	Refunding Bonds	Tax and Refunding Bonds
Amount Authorized by Voters	$ 8,250,000	$ 8,250,000	$ 43,320,000
Amount Issued	8,250,000	5,865,000	20,265,000
Remaining to be Issued	$ - 0 -	$ 2,385,000	$ 23,055,000

Debt Service Fund cash and investment balances as of June 30, 2019:	$ 2,024,629
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,489,596

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

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 980,909	$ 1,247,981	$ 1,052,812
Water Service	251,928	259,955	237,379
Wastewater Service	580,822	571,643	555,570
Groundwater Reduction Fees	171,379	174,748	172,837
Penalty and Interest	20,760	20,063	25,152
Tap Connection and Inspection Fees	4,255	85,843	73,331
Investment Revenues	87,854	33,979	7,214
Miscellaneous Revenues	16,429	24,895	127,828
TOTAL REVENUES	$ 2,114,336	$ 2,419,107	$ 2,252,123
EXPENDITURES			
Professional Fees	$ 159,013	$ 203,687	$ 190,719
Purchased and Contracted Services	779,637	761,418	812,185
Utilities	5,615	3,697	3,182
Repairs and Maintenance	434,081	233,687	283,085
Other	121,822	144,082	136,787
Capital Outlay	910,139	1,780,871	387,466
TOTAL EXPENDITURES	$ 2,410,307	$ 3,127,442	$ 1,813,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (295,971)	$ (708,335)	$ 438,699
OTHER FINANCING SOURCES (USES)			
Transfers In	$ 46,877	$	$ 21,614
Developer Advances	792,728	1,696,866	
Contributed by Other Governmental Unit	260,731		
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,100,336	$ 1,696,866	$ 21,614
NET CHANGE IN FUND BALANCE	$ 804,365	$ 988,531	$ 460,313
PRIOR PERIOD ADJUSTMENT		69,244	
BEGINNING FUND BALANCE	3,324,467	2,266,692	1,806,379
ENDING FUND BALANCE	$ 4,128,832	$ 3,324,467	$ 2,266,692

See accompanying independent auditor's report.

			Percentage of Total Revenue				
	2016	2015	2019	2018	2017	2016	2015
	$ 778,625	$ 513,195	46.3 %	51.8 %	46.7 %	41.1 %	33.7 %
	234,687	189,260	11.9	10.7	10.5	12.4	12.4
	518,292	450,678	27.5	23.6	24.7	27.3	29.6
	172,549	128,810	8.1	7.2	7.7	9.1	8.5
	23,903	25,431	1.0	0.8	1.1	1.3	1.7
	133,285	140,051	0.2	3.5	3.3	7.0	9.2
	4,807	3,315	4.2	1.4	0.3	0.3	0.2
	29,153	72,218	0.8	1.0	5.7	1.5	4.7
	$ 1,895,301	$ 1,522,958	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
	$ 162,080	$ 233,758	7.5 %	8.4 %	8.5 %	8.6 %	15.3 %
	673,040	774,625	36.9	31.5	36.1	35.5	50.9
	2,548	2,106	0.3	0.2	0.1	0.1	0.1
	232,461	322,359	20.5	9.7	12.6	12.3	21.2
	168,793	165,786	5.8	6.0	6.1	8.9	10.9
	194,660	546,884	43.0	73.6	17.2	10.3	35.9
	$ 1,433,582	$ 2,045,518	114.0 %	129.4 %	80.6 %	75.7 %	134.3 %
	$ 461,719	$ (522,560)	(14.0) %	(29.4) %	19.4 %	24.3 %	(34.3) %
	$ 41,320	$					
		264,424					
	$ 41,320	$ 264,424					
	$ 503,039	$ (258,136)					
	1,303,340	1,561,476					
	$ 1,806,379	$ 1,303,340					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 1,754,112	$ 1,302,499	$ 1,252,795
Penalty and Interest	11,286	20,823	35,467
Investment Revenues	17,642	12,286	2,311
Miscellaneous Revenues		1,734	10
TOTAL REVENUES	$ 1,783,040	$ 1,337,342	$ 1,290,583
EXPENDITURES			
Tax Collection Expenditures	$ 56,481	$ 45,945	$ 43,791
Debt Service Principal	820,000	800,000	650,000
Debt Service Interest and Fees	471,250	493,836	471,166
Bond Issuance Costs	123,043		
Payment to Refunded Bond Escrow Agent	39,000		
TOTAL EXPENDITURES	$ 1,509,774	$ 1,339,781	$ 1,164,957
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 273,266	$ (2,439)	$ 125,626
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$	$
Refunding Bonds	2,370,000		
Payment to Refunded Bond Escrow Agent	(2,279,197)		
Bond Premium	38,243		
TOTAL OTHER FINANCING SOURCES (USES)	$ 129,046	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 402,312	$ (2,439)	$ 125,626
BEGINNING FUND BALANCE	1,606,190	1,608,629	1,483,003
ENDING FUND BALANCE	$ 2,008,502	$ 1,606,190	$ 1,608,629
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,202	1,199	1,182
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,182	1,179	1,163

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
$ 1,184,895	$ 1,062,798	98.4 %	97.4 %	97.1 %	98.1 %	98.5 %
21,197	15,355	0.6	1.6	2.7	1.8	1.4
1,621	1,263	1.0	0.9	0.2	0.1	0.1
30	543		0.1			
$ 1,207,743	$ 1,079,959	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 38,277	$ 29,256	3.2 %	3.4 %	3.4 %	3.2 %	2.7 %
470,000	425,000	46.0	59.8	50.4	38.9	39.4
395,463	455,740	26.4	36.9	36.5	32.7	42.2
	111,926	6.9				10.4
		2.2				
$ 903,740	$ 1,021,922	84.7 %	100.1 %	90.3 %	74.8 %	94.7 %
$ 304,003	$ 58,037	15.3 %	(0.1) %	9.7 %	25.2 %	5.3 %
$ 97,462	$					
	4,345,000					
	(4,232,794)					
$ 97,462	$ 112,206					
$ 401,465	$ 170,243					
1,081,538	911,295					
$ 1,483,003	$ 1,081,538					
1,128	1,065					
1,111	1,052					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2019

District Mailing Address	-	Fort Bend County Municipal Utility District No. 48 c/o The Muller Law Group, PLLC 202 Century Square Boulevard Sugar Land, TX 77478
District Telephone Number	-	(281) 500-6050

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2019	Expense Reimbursements for the year ended June 30, 2019	Title
Donna Giblin	05/18 05/22 (Elected)	$ 5,700	$ 4,011	President
Jane E. Rotramel	05/18 05/22 (Elected)	$ 7,200	$ 2,094	Vice President
Jo Ann Masters	02/19 05/20 (Appointed)	$ 450	$ 84	Assistant Vice President
Megan Robertson	05/18 05/22 (Elected)	$ 5,850	$ 1,605	Secretary
Kenneth Wiltz	04/18 05/20 (Appointed)	$ 2,100	$ 347	Assistant Secretary

Note: 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 developer or with any of the District's consultants.

Submission Date of most recent District Registration Form: February 14, 2019.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on August 27, 2003. 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. 48
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2019

Consultants:	Date Hired	Fees for the year ended June 30, 2019	Title
The Muller Law Group, PLLC	03/06/14	$ 167,605	General Counsel
		$ 231,500	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/21/97	$ 16,000	Auditor
		$ 15,500	Bond Related
Myrtle Cruz, Inc.	01/14/99	$ 25,534	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/20/97	$ 2,585	Delinquent Tax Attorney
Jones & Carter, Inc.	09/19/85	$ 39,572	Engineer
Masterson Advisors LLC	05/10/18	$ 176,325	Financial Advisor
Municipal District Services, LLC	06/01/12	$ 297,314	Operator
Bob Leared, RTA	09/01/84	$ 27,863	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen 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

Form 500NY (5/90)