

OFFICIAL STATEMENT DATED AUGUST 24, 2020

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

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—Qualified Tax-Exempt Obligations."

NEW ISSUE-Book-Entry Only

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: Moody's "A3"
See "MUNICIPAL BOND RATING" and
"MUNICIPAL BOND INSURANCE" herein.

\$6,890,000

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6 *(A political subdivision of the State of Texas located within Fort Bend County)*

UNLIMITED TAX LEVEE IMPROVEMENT BONDS **SERIES 2020**

The bonds described above (the "Bonds") are obligations solely of Fort Bend County Levee Improvement District No. 6 (the "District") and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, the City of Sugar Land or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated Date: September 1, 2020

Due: September 1, as shown below

Principal of 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 September 1, 2020, and is payable each March 1 and September 1, commencing March 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 BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)	Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)
\$ 190,000	2022	34679C HR6	3.500 %	0.50 %	\$ 210,000	2025	34679C HU9	3.000 %	0.80 %
195,000	2023	34679C HS4	3.500	0.60	215,000	2026 (a)	34679C HV7	1.000	0.90
200,000	2024	34679C HT2	3.500	0.70	225,000	2027 (a)	34679C HW5	1.000	1.00
					\$470,000	Term Bonds due September 1, 2029 (a)	34679C HY1	(b), 1.00% Interest Rate, 1.15% Yield (c)	
					\$500,000	Term Bonds due September 1, 2031 (a)	34679C JA1	(b), 2.00% Interest Rate, 1.40% Yield (c)	
					\$540,000	Term Bonds due September 1, 2033 (a)	34679C JC7	(b), 2.00% Interest Rate, 1.55% Yield (c)	
					\$580,000	Term Bonds due September 1, 2035 (a)	34679C JE3	(b), 2.00% Interest Rate, 1.70% Yield (c)	
					\$620,000	Term Bonds due September 1, 2037 (a)	34679C JG8	(b), 2.00% Interest Rate, 1.85% Yield (c)	
					\$660,000	Term Bonds due September 1, 2039 (a)	34679C JJ2	(b), 2.00% Interest Rate, 2.00% Yield (c)	
					\$710,000	Term Bonds due September 1, 2041 (a)	34679C JL7	(b), 2.00% Interest Rate, 2.10% Yield (c)	
					\$760,000	Term Bonds due September 1, 2043 (a)	34679C JN3	(b), 2.00% Interest Rate, 2.15% Yield (c)	
					\$815,000	Term Bonds due September 1, 2045 (a)	34679C JQ6	(b), 2.00% Interest Rate, 2.20% Yield (c)	

- (a) Bonds maturing on or after September 1, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) 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."
- (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) Initial 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 subsequently may be changed.

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the respective Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 22, 2020.

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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 representations 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, resolutions, 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 Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, for further information.

This OFFICIAL STATEMENT contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or 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 OFFICIAL STATEMENT—Updating the Official Statement."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 98.00% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.101852%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

The District has no control over 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 and the Bonds have not 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.

Impact...

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

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

While the potential impact of 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. See “INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19).”

RECENT EXTREME WEATHER EVENTS; HURRICANE HARVEY

General...

The greater Houston area 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) 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...

Based on information obtained by the District from Costello, Inc. (the “Engineer”), the engineer for the District, Fort Bend County Municipal Utility District No. 187 (“MUD 187”) and Fort Bend County Municipal Utility District No. 215 (“MUD 215”), LJA Engineering, Inc., the engineer for Fort Bend County Municipal Utility District No. 207 (“MUD 207”), and Jones and Carter, Inc., the engineer for Williams Ranch Municipal Utility District No. 1 (“Williams Ranch”), all of which are located within the boundaries of the District, the District understands the water, sewer and drainage systems of MUD 187, MUD 207, MUD 215 and Williams Ranch did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District did not receive reports of any homes or other improvements within the District that experienced structural flooding or other material damage.

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

THE DISTRICT

<i>Description...</i>	Fort Bend County Levee Improvement District No. 6 (the "District") is a political subdivision of the State of Texas, created by order of the Fort Bend County Commissioners Court, adopted on July 2, 1984, and operates pursuant to Chapters 49 and 57 of the Texas Water Code. The District currently contains approximately 1,639 acres of land (including approximately 117 acres annexed into the District's boundaries in July 2020). See "THE DISTRICT."
<i>Location...</i>	The District is located approximately 30 miles southwest of the central downtown business district of the City of Houston and primarily within the extraterritorial jurisdiction ("ETJ") of the City of Richmond, with a small portion of undeveloped land within the ETJ of the City of Sugar Land. The District is also located within the boundaries of the Lamar Consolidated Independent School District. Access to the District is provided by U.S. Highway 59 to Williams Way Boulevard. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."
<i>District Purpose...</i>	The District was created to construct and operate levee and drainage improvements to serve the land within the boundaries of the District. See "FLOOD PROTECTION."
<i>The Developers and Principal Property Owner...</i>	<p>The George Foundation, a charitable trust established in 1945, owns approximately 296 acres of land within the District, all of which land, plus an additional 2 acres owned by Landmark where a Shell gas station has been constructed, are also within MUD 207.</p> <p>HW 589 Holdings LLC, a Delaware limited liability company ("HW 589"), owns approximately 589 acres of land within the District, which is also within MUD 215. HW 589 is a special purpose entity formed by The Johnson Development Corp. for the sole purpose of developing land within MUD 215.</p> <p>KB Home Lone Star, Inc. ("KB Home") has developed approximately 73 acres of land within the District, which (together with an additional 77 acres not within the District) is located within Williams Ranch.</p> <p>HW 589 and KB Home are collectively referred to herein as the "Developers." See "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNER" and "TAX DATA—Principal Taxpayers."</p>
<i>Status of Development...</i>	As of July 1, 2020, 2,949 single-family residential lots on approximately 932 acres had been completed, 2,463 homes were completed, 121 homes were under construction or in a builder's name and 334 vacant developed lots were available for home construction. An additional 152 single-family residential lots on approximately 35 acres are under construction in Veranda (MUD 215) with utilities expected to be complete by the end of 2020. A portion of the District (MUD 187) has been developed as Del Webb Sweetgrass, an active adult/retirement community with home ownership restricted to purchasers age 55 or older with additional restrictions on children living in the home. Del Webb is a trademark community of Pulte Homes. Portions of the District are being developed as Veranda (MUD 215) and Williams Ranch, both single-family residential communities. Approximately 18 acres in MUD 207 have been developed for commercial use where an HEB Grocery store has been constructed. Approximately 215 additional developable acres within the District (located in MUD 207, MUD 215 and Williams Ranch) have not been fully provided with

water distribution, wastewater collection and storm drainage facilities and approximately 462 acres are not developable (earthen levee, rights-of-way, detention, open spaces, easements and utility sites) of which 43 acres are not located within any municipal utility district, but are located within the boundaries of the District. See “THE DISTRICT.”

Homebuilders...

Homebuilders actively building within the District are: Pulte Homes, Sitterle, Lennar, Perry, Highland, David Weekley, MHI as Coventry, Newmark, Westin Homes, and KB Home. New homes in the District range in offering prices from approximately \$141,000 to \$550,000. See “THE DISTRICT—Homebuilders.”

Water and Wastewater Treatment...

Water supply and wastewater treatment for the development currently occurring in the District is provided by the City of Richmond with distribution and collection lines constructed by MUD 187, MUD 207, MUD 215 and Williams Ranch for property within their respective boundaries. See “WATER, WASTEWATER AND STORM DRAINAGE.”

Overlapping Debt and Taxes...

Substantially all of the land within the District is subject to taxation by either MUD 187, MUD 207, MUD 215 or Williams Ranch. In addition, all land within the District is subject to taxation by other overlapping taxing jurisdictions described herein under “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt” and “—Overlapping Tax Rates.” MUD 187 adopted a 2019 total tax rate in the amount of \$0.86 per \$100 of taxable assessed valuation (\$0.83 for debt and \$0.03 for maintenance), has \$39,455,000 of unlimited tax bonds outstanding and has authorized the preparation of a bond application requesting approval from the TCEQ for the sale of \$4,100,000 principal amount of unlimited tax park bonds. MUD 215 adopted a 2019 total tax rate in the amount of \$1.00 per \$100 of taxable assessed valuation (\$0.74 for debt and \$0.26 for maintenance), has \$20,485,000 principal amount of unlimited tax bonds outstanding and expects to sell \$7,515,000 principal amount of unlimited tax bonds and \$1,230,000 principal amount of unlimited tax park bonds in August 2020. Williams Ranch adopted a 2019 total tax rate in the amount of \$1.00 per \$100 of taxable assessed valuation (\$0.42 for debt and \$0.58 for maintenance), has \$3,000,000 principal amount of unlimited tax bonds outstanding and expects to sell \$2,425,000 principal amount of unlimited tax bonds in 2020. MUD 207 adopted a 2019 tax rate of \$1.00 per \$100 of taxable assessed valuation (all maintenance and has no debt outstanding. See “INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes.”

Payment Record...

The District has previously issued \$31,700,000 principal amount of unlimited tax levee improvement bonds in seven series and \$4,960,000 principal amount of unlimited tax levee improvement refunding bonds in one series, \$30,380,000 of which collectively remains outstanding (the “Outstanding Bonds”) as of the date hereof. The District has never defaulted on its debt service obligations. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.”

THE BONDS

Description...

The \$6,890,000 Unlimited Tax Levee Improvement Bonds, Series 2020 (the “Bonds”) are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the District’s Board of Directors (the “Board”). The Bonds are scheduled to mature serially on September 1 in each of the years 2022 through 2027, both inclusive, and as term bonds on September 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2043, and 2045 (the “Term Bonds”) in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from September 1, 2020, and is payable March 1, 2021, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. See “THE BONDS.”

<i>Book-Entry-Only System...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2026 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein.. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” including to capitalize twelve (12) months of interest on the Bonds, pay interest on funds advanced by the Developers on behalf of the District; and pay engineering fees, administrative costs, and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are the ninth series of bonds issued by the District out of an aggregate of \$156,900,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of constructing levee and drainage improvements and refunding of such bonds. The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 57 of the Texas Water Code, Chapter 1207 of Texas Government Code, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance” “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Richmond, the City of Sugar Land, Fort Bend County, the State of Texas or any entity other than the District. See “THE BONDS—Source of Payment.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) will assign a municipal bond rating of “AA” (stable outlook) 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 Build America Mutual Assurance Company (“BAM” or the “Insurer”). The Bonds also have been assigned an underlying credit rating of “A3” by Moody’s Investors Service (“Moody’s”) without regard to credit enhancement. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE,” and “APPENDIX B.”
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986.
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P. Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

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.....	\$605,084,101	(a)
Estimated Taxable Assessed Valuation as of July 1, 2020	\$640,898,995	(b)
Gross Direct Debt Outstanding	\$ 37,270,000	(c)
Estimated Overlapping Debt	<u>108,089,247</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$145,359,247	
Ratios of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	6.16%	
Estimated Taxable Assessed Valuation as of July 1, 2020.....	5.82%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation.....	24.02%	
Estimated Taxable Assessed Valuation as of July 1, 2020.....	22.68%	
Debt Service Funds Available as of July 27, 2020	\$2,298,100	
Capitalized Interest (Twelve Months).....	<u>139,575</u>	(e)
Total Funds Available for Debt Service.....	\$2,437,675	
Operating Funds Available as of July 27, 2020.....	\$2,205,424	
Capital Projects Funds Available as of July 27, 2020	\$652,857	
Anticipated 2020 Debt Service Tax Rate	\$0.375	
Anticipated 2020 Maintenance Tax Rate	<u>0.125</u>	
Anticipated 2020 Total Tax Rate	\$0.500	(f)
Average Annual Debt Service Requirement (2021-2045).....	\$1,979,844	(g)
Maximum Annual Debt Service Requirement (2022).....	\$2,549,773	(g)
Tax Rates Required to Pay Average Annual Debt Service (2021-2045) at a 95% Collection Rate		
Based upon 2020 Taxable Assessed Valuation	\$0.35	(h)
Based upon Estimated Taxable Assessed Valuation as of July 1, 2020.....	\$0.33	(h)
Tax Rates Required to Pay Maximum Annual Debt Service (2022) at a 95% Collection Rate		
Based upon 2020 Taxable Assessed Valuation	\$0.45	(h)
Based upon Estimated Taxable Assessed Valuation as of July 1, 2020.....	\$0.42	(h)
Status of Development as of July 1, 2020 (i):		
Homes Completed.....	2,463	(j)
Homes Under Construction or in a Builder's Name.....	121	
Lots Available for Construction.....	334	
Lots Under Construction	152	
Estimated Population	6,502	(k)

- (a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified \$594,407,201 of taxable value. An additional \$10,676,900 of taxable value remains uncertified and is subject to review and downward revision prior to certification. The 2020 Taxable Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on July 1, 2020. Increases in value that occur between January 1, 2020, and July 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. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) The District will capitalize twelve (12) months of interest on the Bonds that will be deposited in the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (f) The District authorized publication of its intent to levy a total tax rate of \$0.50 per \$100 of taxable assessed valuation, of which \$0.375 per \$100 of taxable assessed valuation is allocated to debt service and \$0.125 per \$100 of taxable assessed valuation is allocated to maintenance and operations.
- (g) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (h) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."
- (i) See "THE DISTRICT—Land Use" and "—Status of Development."
- (j) A complete breakdown of occupied and unoccupied homes is not currently available from the City of Richmond.
- (k) Based upon 2 persons per single-family residence in MUD 187 and 3.5 persons per single-family residence in MUD 215 and Williams Ranch.

OFFICIAL STATEMENT

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6

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

\$6,890,000

UNLIMITED TAX LEVEE IMPROVEMENT BONDS SERIES 2020

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Levee Improvement District No. 6 (the "District") of its \$6,890,000 Unlimited Tax Levee Improvement Bonds, Series 2020 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and conditions of a resolution adopted by the Board of Directors (the "Board") of the District (the "Bond Resolution"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 57 of the Texas Water Code, an order of the Texas Commission on Environmental Quality (the "TCEQ"), and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, HW 589 Holdings LLC ("HW 589"), The George Foundation, KB Home Lone Star, Inc. ("KB Home"), and development activity in the District. HW 589 and KB Home are collectively referred to herein as the "Developers." 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 Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs.

THE BONDS

Description

The Bonds will be dated and accrue interest from September 1, 2020, with interest payable each March 1 and September 1, beginning March 1, 2021 (the "Interest Payment Date"), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

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. in 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 February 15 or August 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.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate, upon all taxable property in the District sufficient to pay the principal and interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, the City of Richmond, the City of Sugar Land 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 and twelve (12) months of capitalized interest will be deposited into the Debt Service Fund upon receipt. The balance of the proceeds of the Bonds will be deposited into the Capital Projects Fund, to be used for the purpose of reimbursing the Developers and other property owners for certain design and construction costs, for paying the costs of issuance of the Bonds, all as approved by the TCEQ. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2043 and 2045 (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 September 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):

\$470,000 Term Bonds Due September 1, 2029		\$500,000 Term Bonds Due September 1, 2031		\$540,000 Term Bonds Due September 1, 2033	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2028	\$ 230,000	2030	\$ 245,000	2032	\$ 265,000
2029 (maturity)	240,000	2031 (maturity)	255,000	2033 (maturity)	275,000

\$580,000 Term Bonds Due September 1, 2035		\$620,000 Term Bonds Due September 1, 2037		\$660,000 Term Bonds Due September 1, 2039	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2034	\$ 285,000	2036	\$ 305,000	2038	\$ 325,000
2035 (maturity)	295,000	2037 (maturity)	315,000	2039 (maturity)	335,000

\$710,000 Term Bonds Due September 1, 2041		\$760,000 Term Bonds Due September 1, 2043		\$815,000 Term Bonds Due September 1, 2045	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2040	\$ 350,000	2042	\$ 375,000	2044	\$ 400,000
2041 (maturity)	360,000	2043 (maturity)	385,000	2045 (maturity)	415,000

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: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2026, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2025, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (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 less than all the Bonds outstanding 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At a bond election held within the District on November 4, 2008, voters of the District authorized the issuance of \$156,900,000 principal amount of unlimited tax bonds for the purpose of constructing levee and drainage improvements and for refunding such bonds. The Bonds are issued pursuant to such authorization.

The TCEQ has approved the sale of the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 57 of the Texas Water Code, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution.

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be 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, apparently destroyed, or wrongfully taken, 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.

Issuance of Additional Debt

The District's voters have authorized the issuance of \$156,900,000 principal amount of unlimited tax bonds for the purpose of constructing levees and drainage improvements and refunding such bonds and could authorize additional amounts. After issuance of the Bonds, the District will have \$118,015,000 principal amount of unlimited tax bonds for levee and drainage facilities and refunding such bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

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 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. 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, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the 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.

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 or 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 is 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 rating of "AA+" by S&P Global Ratings. 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Costello, Inc., the District’s engineer (the “Engineer”). Nonconstruction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the “Financial Advisor”). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District’s auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

I. CONSTRUCTION COSTS

• Williams Ranch Outall Ditch.....	\$ 638,850
• Veranda Detention Phase 2, Pond A.....	297,692
• Veranda Detention Phase 3.....	2,156,584
• District Temporary Siphon.....	48,900
• Emergency Flood Fighting Equipment.....	37,500
• Storm Water Pollution Prevention Plan.....	14,462
• Engineering.....	862,507
• Less: Surplus Funds.....	<u>(600,000)</u>
Total Construction Costs.....	\$ 3,456,495

II. NON-CONSTRUCTION COSTS

• Underwriter’s Discount (a).....	\$ 137,800
• Capitalized Interest (12 Months) (a).....	139,575
• Land Acquisition Costs.....	2,276,835
• Developer Advances.....	19,120
• Developer Interest.....	<u>260,508</u>
Total Non-Construction Costs.....	\$ 2,833,838

III. ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 352,302
• Bond Application Report Cost.....	70,000
• State Regulatory Fees.....	24,115
• Contingency (a).....	<u>153,250</u>
Total Issuance Costs and Fees.....	\$ 599,667
TOTAL BOND ISSUE.....	\$ 6,890,000

(a) The TCEQ authorized a maximum Underwriter’s discount of 2.00% and twelve (12) months of capitalized interest at an estimated interest rate of 4.25%. Contingency represents the difference in the estimated and actual amount of capitalized interest.

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by order of the Fort Bend County Commissioners Court, adopted on July 2, 1984, and operates pursuant to Chapter 49 and 57 of the Texas Water Code. See “THE DISTRICT.”

The District is a conservation and reclamation district created pursuant to the provisions of Chapter 57, Texas Water Code and Article XVI, Section 59 of the Texas Constitution. The principal functions of the District include constructing and maintaining levees and other improvements on, along and contiguous to rivers, creeks and streams within and adjacent to the District; reclamation of lands within the District from overflow from these streams; the control and distribution of the waters of rivers and streams within and adjacent to the District by straightening and otherwise improving them; the provision of proper drainage and other improvements of the reclaimed land within the District and developing and maintaining recreational facilities.

Description and Location

The District currently contains approximately 1,639 acres of land (including approximately 117 acres recently annexed into the District’s boundaries in July 2020). The District is located approximately 30 miles southwest of the central downtown business district of the City of Houston and lies primarily within the extraterritorial jurisdiction of the City of Richmond with a small portion of undeveloped land within the ETJ of the City of Sugar Land. The District also lies within the boundaries of the Lamar Consolidated Independent School District. Access to the District is provided by U.S. Highway 59 to Williams Way Boulevard. All or portions Fort Bend Municipal Utility District No. 187 (“MUD 187”), Fort Bend Municipal Utility District No. 207 (“MUD 207”), Fort Bend Municipal Utility District No. 215 (“MUD 215”) and Williams Ranch Municipal Utility District No. 1 (“Williams Ranch”) are located within the boundaries of the District. See “AERIAL PHOTOGRAPH.”

Land Use

The District currently includes approximately 932 developed acres of single-family residential development (2,949 lots), approximately 35 acres where utility construction is underway for 152 single-family residential lots, approximately 18 acres for commercial development, approximately 462 undevelopable acres (drainage and pipeline easements, street rights-of-way, recreation and levee and utility sites) and approximately 215 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Del Webb Sweetgrass (MUD 187):		
Section One-A, B, & C.....	37	77
Section Two	52	165
Section Three	29	34
Section Four	13	33
Section Five-A & B.....	22	113
Section Six	7	20
Section Seven.....	24	68
Section Eight.....	11	32
Section Nine-A.....	19	82
Section Nine-B.....	18	82
Section Ten	35	87
Section Eleven.....	23	120
Section Twelve-A.....	13	52
Section Twelve-B.....	12	51
Section Thirteen-A	12	51
Section Thirteen-B	21	121
Section Fourteen	12	49
Section Fifteen	15	50
Section Sixteen-A.....	9	33
Section Sixteen-B.....	19	60
Section Seventeen	17	64
Section Eighteen-A	25	31
Section Eighteen-B.....	13	60
Subtotal	<u>458</u>	<u>1,535</u>

Land Use (Continued)

Veranda (MUD 215):		
Section One	10	12
Section Two	20	28
Section Three	16	49
Section Four	16	40
Section Five.....	18	61
Section Six	19	48
Section Seven.....	22	60
Section Eight.....	10	30
Section Nine.....	29	58
Section Eleven.....	6	28
Section Twelve.....	22	29
Section Fourteen	7	29
Section Fifteen	5	26
Section Sixteen.....	4	44
Section Seventeen	9	48
Section Eighteen	12	55
Section Nineteen	8	38
Section Twenty	8	29
Section Twenty-One.....	14	39
Section Twenty-Two	13	42
Section Twenty-Three.....	8	31
Section Twenty-Four.....	20	83
Section Twenty-Five	27	52
Section Twenty-Six.....	19	68
Section Twenty Seven(a)	13	45
Section Twenty-Eight.....	11	53
Section Twenty-Nine	8	20
Section Thirty.....	17	65
Section Thirty-One(a)	9	43
Section Thirty-Four(a).....	13	64
Subtotal	413	1,317
Williams Ranch (Williams Ranch)		
Section One	10	8
Section Two	10	49
Section Three	8	27
Section Four	22	59
Section Five.....	9	39
Section Six	14	67
Subtotal	73	249
Commercial (MUD 207).....	18	---
Future Development.....	215	---
Non-Developable (a).....	462	---
Totals.....	1,639	3,101

(a) Includes public rights-of-way, detention, open spaces, easements, lake reserves and recreation and utility sites and approximately 43 acres that are not within any municipal utility district; however, certain other non-developable acreage may be included in section acreages above.

Status of Development

Single-Family Residential: As of July 1, 2020, 2,949 single-family residential lots on approximately 932 acres had been collectively completed, 2,469 homes were completed, 121 homes were under construction or in a builder’s name and 328 vacant developed lots were available for home construction. An additional 152 single-family residential lots on approximately 35 acres are under construction in Veranda expected to be complete by the end of 2020. A portion of the District has been developed as Del Webb Sweetgrass (MUD 187), an active adult/retirement community with home ownership restricted to purchasers age 55 or older with additional restrictions on children living in the home. Portions of the District are being developed as Veranda (MUD 215) and Williams Ranch, both single-family residential communities. Homes within the District range in price from approximately \$141,000 to \$550,000. See “Land Use” in this section. The estimated population is 6,502 based upon 2 persons per occupied residence in MUD 187 and 3.5 persons per occupied residence in MUD 215 and Williams Ranch.

Commercial: Approximately 18 acres in MUD 207 have been developed for commercial use where an HEB Grocery has been constructed.

Homebuilders

Homebuilders actively building within the District are: Pulte Homes, Sitterle, Lennar, Perry, Highland, David Weekley, MHI as Coventry, Newmark, Westin Homes, and KB Home. New homes in the District range in sales prices from approximately \$141,000 to \$550,000.

Future Development

Approximately 215 developable acres of land currently within the District are not yet fully served with water supply, wastewater or storm drainage facilities. While the Developers and landowners anticipate future development of this acreage as business conditions warrant, 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. See “INVESTMENT CONSIDERATIONS—Undeveloped Acreage” and “—Future Debt.” The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$118,015,000) should be sufficient to finance the construction of levee and drainage improvements to complete the District’s levee and drainage system for full development of the District.

THE DEVELOPERS AND PRINCIPAL PROPERTY OWNER

Role of a Developer

In general, the activities of a landowner or developer 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; arrange for the construction of parks and recreational facilities; 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 Developers 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.

None of the Developers nor any property owner is legally obligated to provide funds for the development of the District, or to pay the Bonds or other obligations of the District, and the inclusion of the description of the Developers herein should not be construed as an implication to that effect.

HW 589 Holdings, LLC

HW 589 Holdings LLC, a Delaware limited liability company, is developing approximately 695 acres (including approximately 117 acres recently annexed into the District’s boundaries), all of which are located in the District and also within MUD 215. HW 589 was created solely to develop the land it owns within the District. HW 589 is developing its land within the District as Veranda, a single-family residential community. See “TAX DATA—Principal Taxpayers.”

The development of Veranda is being managed by Johnson HW Investors LLC, an affiliate of The Johnson Development Corp.

KB Home Lone Star, Inc.

KB Home has developed approximately 73 acres within the District as Williams Ranch, a single-family residential community, which are also located within Williams Ranch. Williams Ranch includes an additional 77 acres not within the District’s boundaries. KB Home is building homes in Williams Ranch. See “TAX DATA—Principal Taxpayers.”

Principal Property Owner

The George Foundation: The George Foundation, a charitable trust established in 1945, owns approximately 296 acres of land within the District, all of which is located within MUD 207. MUD 207 is largely undeveloped with an approximately 18 acre parcel under a long-term ground lease with a 100,000 square-foot HEB Grocery store being the only development currently within MUD 207. See “TAX DATA—Principal Taxpayers.”

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of three (3) directors, which has control over and management supervision of all affairs of the District. The directors are appointed by Commissioners Court of Fort Bend County. None of the Board members resides within the District. The current members and officers of the Board along with their titles and term expirations, are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Gary Pochyla	President	June 2023
Kent Savage	Vice President	June 2023
Linda Anne Jacks	Secretary	June 2023

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 Allen Boone Humphries Robinson LLP 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 time charges actually incurred.

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 audited financial statement for the fiscal year ending July 31, 2019, was prepared by McCall Gibson Swedlund Barfoot PLLC. The District has engaged McCall Gibson Swedlund Barfoot PLLC to prepare it financial statement for the year ended July 31, 2020. See APPENDIX A.

Engineer: The District's consulting engineer is Costello Engineering, 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 appointed an independent tax assessor/collector to perform the tax collection function. Assessments of the Southwest, 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.

Operator: The operator of District's levee system is Levee Management Services, LLC.

FLOOD PROTECTION

Regulation

Construction and operation of the levee and drainage system serving the land in the District as it now exists may be expanded from time to time and is subject to the regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Construction of drainage facilities is also subject to the regulatory authority of the Fort Bend County Drainage District and plans are reviewed and approved by the City of Richmond and Fort Bend County. See "INVESTMENT CONSIDERATIONS—Extreme Weather; Hurricane Harvey."

Flood Protection

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District’s drainage and levee system has been designed and constructed to all current standards. The Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Maps dated April 2, 2014, indicate that all of the property within the District lies outside the 100-year flood plain of the Brazos River. The District assisted in constructing a perimeter levee system to remove the District from the floodplain. See “INVESTMENT CONSIDERATIONS— Extreme Weather; Hurricane Harvey.”

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.

WATER, WASTEWATER AND STORM DRAINAGE

Water Supply, Wastewater Treatment and Storm Drainage

Water Supply: Water supply for development occurring within the portion of the District within MUD 187, MUD 207, MUD 215, and Williams Ranch is provided by the City of Richmond pursuant to an agreement between each of the MUDs and the City of Richmond. Under the agreements with MUD 187, MUD 207, MUD 215, and Williams Ranch, the City of Richmond will supply water in quantities sufficient to provide adequate water pressure and water storage for the land in each of the MUDs. In consideration of such water supply, each of the MUDs pay the City of Richmond or other entity for water capacity. The Developers have, on behalf of the respective MUDs in which they own property, paid the fees required to provide service to the existing development in MUD 187, MUD 207, MUD 215 and Williams Ranch.

Wastewater Treatment: Wastewater treatment for the development occurring within the portion of the District within MUD 187, MUD 207 and MUD 215 are provided by the City of Richmond pursuant to an agreement between the City of Richmond and each of the MUDs. Williams Ranch is provided wastewater treatment by Fort Bend MUD No. 121. Under the agreement with MUD 187, MUD 207 and MUD 215, the City of Richmond provides wastewater treatment in amounts sufficient to service MUD 187, MUD 207 and MUD 215 and each pays a connection charge to the City of Richmond or other entity for wastewater service for CW Richmond, HW 589, and The George Foundation have paid the fees required to provide service to the existing development.

Water Distribution, Wastewater Collection and Storm Drainage: MUD 187, MUD 207, MUD 215, and Williams Ranch have constructed water distribution, wastewater collection and storm drainage facilities to serve 2,932 single-family residential lots and MUD 207 has constructed such facilities to serve approximately 18 acres of commercial reserves. An additional 152 single-family residential lots are under construction with an expected completion date by the end of 2020.

Subsidence and Conversion to Surface Water Supply: MUD 187, MUD 207, MUD 215, and Williams Ranch obtain their water supply from the City of Richmond. The City of Richmond’s authority to pump groundwater is subject to an annual permit issued by the Fort Bend Subsidence District (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 City of Richmond and MUD 187, MUD 207, MUD 215, and Williams Ranch.

The Subsidence District’s regulations require the City of Richmond, individually or collectively with other water users, to have prepared a groundwater reduction plan (“GRP”) and obtained certification of the GRP from the Subsidence District by the applicable water well permit expiration date in the year 2010. The City of Richmond’s GRP was submitted timely and certified by the Subsidence District. The Subsidence District’s regulations further require the City of Richmond individually or collectively with other water users to (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the GRP, beginning October 2015; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the GRP, beginning October 2025.

If the City of Richmond fails to comply with the above Subsidence District regulations, the City of Richmond 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 40% of the total annual water demand. If any of the MUDs fail to comply with any conversion requirements mandated by the City of Richmond, each of the MUDs would be subject to monetary or other penalties imposed by the City of Richmond.

The City of Richmond completed construction of Phase I of a two million gallon per day (“MGD”) regional surface water treatment plant, which became operational March 15, 2018. The plant enables the City of Richmond to meet the Subsidence District regulations. The City of Richmond used groundwater credits to meet conversion requirements prior to the plant being completed. Under the Groundwater Reduction Plan Participation Agreement between the City of Richmond and the participants, each participant will be given the option to pay its pro rata share of any bonds sold to finance the plant.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Taxable Assessed Valuation.....	\$605,084,101	(a)
Estimated Taxable Assessed Valuation as of July 1, 2020	\$640,898,995	(b)
Gross Direct Debt Outstanding	\$ 37,270,000	(c)
Estimated Overlapping Debt	<u>108,089,247</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$145,359,247	
Ratios of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	6.16%	
Estimated Taxable Assessed Valuation as of July 1, 2020.....	5.82%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation.....	24.02%	
Estimated Taxable Assessed Valuation as of July 1, 2020.....	22.68%	
Debt Service Funds Available as of July 27, 2020	\$2,298,100	
Capitalized Interest (Twelve Months).....	<u>139,575</u>	(e)
Total Funds Available for Debt Service.....	\$2,437,675	
Operating Funds Available as of July 27, 2020.....	\$2,205,424	
Capital Projects Funds Available as of July 27, 2020	\$652,857	

- (a) The Fort Bend Central Appraisal District (the “Appraisal District”) has certified \$545,160,51 of taxable value. An additional \$10,676,900 of taxable value remains uncertified subject to review and downward revision prior to certification. The 2020 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on July 1, 2020. Increases in value that occur between January 1, 2020 and July 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. See “TAXING PROCEDURES.”
- (c) Includes the Bonds and the Outstanding Bonds. See “Outstanding Bonds” herein.
- (d) See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt” and “—Overlapping Taxes.”
- (e) The District will capitalize twelve (12) months of interest on the Bonds that will be deposited in the Debt Service Fund. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. 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 District has previously issued \$31,700,000 principal amount of unlimited tax levee improvement bonds in seven series and \$4,960,000 principal amount of unlimited tax levee improvement refunding bonds in one series, \$30,380,000 of which collectively remains outstanding (the “Outstanding Bonds”) as of the date hereof.

<u>Series</u>	<u>Original Principal Amount</u>	<u>Outstanding Bonds</u>
2012	\$ 2,350,000	\$ 145,000
2013	3,500,000	215,000
2014	2,500,000	2,355,000
2015	2,500,000	2,235,000
2017	5,000,000	4,620,000
2018	7,850,000	7,850,000
2019 (a)	4,960,000	4,960,000
2019A	<u>8,000,000</u>	<u>8,000,000</u>
Total	\$ 36,660,000	\$ 30,380,000

(a) Unlimited tax levee improvement refunding bonds.

Debt Service Requirements

The following sets forth the actual debt service requirements for the Outstanding Bonds (see “Outstanding Bonds” in this section) and the Bonds. This schedule does not reflect the fact that an amount equal to twelve (12) months of interest will be capitalized from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds	Plus: Debt Service on the Bonds			Total
	Debt Service Requirements	Principal	Interest	Total	Debt Service Requirements
2020	\$ 1,397,372.50 (a)	\$ -	\$ -	\$ -	\$ 1,397,372.50
2021	1,870,577.50	-	139,575.00	139,575.00	2,010,152.50
2022	2,220,197.50	190,000	139,575.00	329,575.00	2,549,772.50
2023	2,181,335.00	195,000	132,925.00	327,925.00	2,509,260.00
2024	2,157,160.00	200,000	126,100.00	326,100.00	2,483,260.00
2025	2,132,485.00	210,000	119,100.00	329,100.00	2,461,585.00
2026	2,105,950.00	215,000	112,800.00	327,800.00	2,433,750.00
2027	2,087,105.00	225,000	110,650.00	335,650.00	2,422,755.00
2028	2,070,495.00	230,000	108,400.00	338,400.00	2,408,895.00
2029	2,047,107.50	240,000	106,100.00	346,100.00	2,393,207.50
2030	2,026,232.50	245,000	103,700.00	348,700.00	2,374,932.50
2031	1,995,580.00	255,000	98,800.00	353,800.00	2,349,380.00
2032	1,968,931.25	265,000	93,700.00	358,700.00	2,327,631.25
2033	1,940,906.25	275,000	88,400.00	363,400.00	2,304,306.25
2034	1,912,181.25	285,000	82,900.00	367,900.00	2,280,081.25
2035	1,881,756.25	295,000	77,200.00	372,200.00	2,253,956.25
2036	1,855,075.00	305,000	71,300.00	376,300.00	2,231,375.00
2037	1,826,812.50	315,000	65,200.00	380,200.00	2,207,012.50
2038	1,622,550.00	325,000	58,900.00	383,900.00	2,006,450.00
2039	1,197,400.00	335,000	52,400.00	387,400.00	1,584,800.00
2040	1,166,150.00	350,000	45,700.00	395,700.00	1,561,850.00
2041	974,450.00	360,000	38,700.00	398,700.00	1,373,150.00
2042	942,625.00	375,000	31,500.00	406,500.00	1,349,125.00
2043	370,800.00	385,000	24,000.00	409,000.00	779,800.00
2044	-	400,000	16,300.00	416,300.00	416,300.00
2045	-	415,000	8,300.00	423,300.00	423,300.00
Total	\$ 41,951,235.00	\$ 6,890,000	\$ 2,052,225.00	\$ 8,942,225.00	\$ 50,893,460.00

(a) Excludes the March 1, 2020 debt service payment in the amount of \$427,382.

Average Annual Debt Service Requirements (2021-2045)\$1,979,844
Maximum Annual Debt Service Requirement (2022).....\$2,549,773

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.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Percent</u>	<u>Overlapping Amount</u>
Fort Bend County	\$ 676,674,527	6/30/20	0.60%	\$ 4,060,047
Lamar Consolidated Independent School District.....	1,164,000,000	6/30/20	3.53%	41,089,200
Fort Bend County MUD No. 215	20,485,000	6/30/20	100.00%	20,485,000
Williams Ranch MUD No. 1	3,000,000	6/30/20	100.00%	3,000,000
Fort Bend County MUD No. 187	39,455,000	6/30/20	100.00%	<u>39,455,000</u>
Total Estimated Overlapping Debt.....				\$108,089,247
The District's Total Direct Debt (a)				<u>37,270,000</u>
Total Direct and Estimated Overlapping Debt				\$145,359,247

Direct and Estimated Overlapping Debt as a Percentage of:

2020 Taxable Assessed Valuation of \$605,084,101	24.02%
Estimated Taxable Assessed Valuation as of July 1, 2020 of \$640,898,995	22.68%

(a) The Bonds and the 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 overlapping taxing jurisdictions and the anticipated 2020 tax rate of 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.

	<u>Tax Rate</u> <u>Per \$100 of Taxable</u> <u>Assessed Valuation</u>
Fort Bend County	\$0.458200
Lamar Consolidated Independent School District.....	1.320000
Williams Ranch, MUD 207 and MUD 215 (a)	<u>1.000000</u>
Total Overlapping Tax Rate	\$2.778200
The District.....	<u>0.500000</u> (b)
Total Tax Rate.....	\$3.278200

(a) Represents the highest overlapping tax rates. MUD 187 adopted a 2019 total tax rate of \$0.86 per \$100 of taxable assessed valuation.

(b) The District authorized publication of its intent to levy a total tax rate of \$0.50 per \$100 of taxable assessed valuation, of which \$0.375 per \$100 of taxable assessed valuation is allocated to debt service and \$0.125 per \$100 of taxable assessed valuation is allocated to maintenance and operations.

District Operations and Maintenance

The following statement sets forth in condensed form, the General Operating Fund, as shown in the District's audited financial statements for fiscal years ending July 31, 2016 through July 31, 2019, and an unaudited summary for the fiscal year ending of June 30, 2020, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. See "APPENDIX A" for a copy of the District's audited financial statement provided by the bookkeeper.

	7/31/2019 to 6/30/2020(a)	Fiscal Year Ended July 31,			
		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:					
Property Taxes	\$ 603,811	\$ 554,185	\$ 490,420	\$ 471,828	\$ 361,955
Miscellaneous Revenues	-	-	23,134	-	-
Investment Revenues	2,648	2,090	1,457	678	282
Total Revenue	\$ 606,460	\$ 556,275	\$ 515,011	\$ 472,506	\$ 362,237
Expenditures:					
Professional Fees	\$ 119,436	\$ 270,569	\$ 174,817	\$ 94,863	\$ 116,809
Purchased or Contracted Services	27,975	30,583	32,143	37,608	33,889
Administrative Expenses	-	-	-	-	-
Repairs & Maintenance	102,734	115,380	104,025	75,539	66,511
Capital Outlay	-	-	37,500	-	13,413
Bond Issuance Costs	-	-	-	58,480	-
Other	18,921	24,735	15,886	17,135	-
Total Expenditures	\$ 269,065	\$ 441,267	\$ 364,371	\$ 283,625	\$ 230,622
NET REVENUES	\$ 337,394	\$ 115,008	\$ 150,640	\$ 188,881	\$ 131,615
Other Financing Sources:					
Developer Advances	\$ -	\$ 52,243	\$ -	\$ -	\$ -
Internal Transfers (b)	-	-	53,925	-	-
Total Other Financing Sources	\$ -	\$ 52,243	\$ 53,925	\$ -	\$ -
General Operating Fund					
Balance (Beginning of Year)	\$ 855,351	\$ 688,100	\$ 483,535	\$ 294,654	\$ 163,039
General Operating Fund					
Balance (End of Year)	\$ 1,192,745	\$ 855,351	\$ 688,100	\$ 483,535	\$ 294,654

(a) Unaudited, provided by the Bookkeeper.

(b) Interfund transfer.

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 and the Outstanding Bonds. See “Historical Tax Rate Distribution,” 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 November 4, 2008, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 taxable assessed valuation. 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

	Anticipated				
	<u>2020 (a)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Service Tax	\$ 0.375	\$0.375	\$0.355	\$0.330	\$0.310
Maintenance Tax	<u>0.125</u>	<u>0.125</u>	<u>0.145</u>	<u>0.170</u>	<u>0.190</u>
Total District Tax Rate	\$ 0.500	\$0.500	\$0.500	\$0.500	\$0.500

- (a) The District authorized publication of its intent to levy a total tax rate of \$0.50 per \$100 of taxable assessed valuation, of which \$0.375 per \$100 of taxable assessed valuation is allocated to debt service and \$0.125 per \$100 of taxable assessed valuation is allocated to maintenance and operations.

Exemptions

For tax year 2020, the District granted a \$50,000 exemption for persons disabled or 65 years of age or older.

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. Information in this summary may differ slightly from the assessed valuations shown herein due to difference in dates of data. See “Tax Roll Information” below.

	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections As of 6/30/20 (b)	
				Amount	Percent
2015	185,283,779	0.50	926,419	922,435	99.57%
2016	247,974,058	0.50	1,239,870	1,233,175	99.46%
2017	289,795,709	0.50	1,448,979	1,442,748	99.57%
2018	377,559,649	0.50	1,887,798	1,879,492	99.56%
2019	487,630,771	0.50	2,438,154	2,427,426	99.56%

- (a) As provided by the Appraisal District. See “Tax Roll Information” below for gross appraised value and exemptions granted by the District.
- (b) 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 and the Estimated Taxable Assessed Valuation as of July 1, 2020. See “TAXING PROCEDURES.” Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Information in this summary may differ slightly from the assessed valuations shown herein due to difference in dates of data.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions (a)	Value Subject To Change	Net Assessed Valuation
	Land	Improvements	Personal Property				
Estimate of Value as of 7/1/2020 (b)	\$ 142,661,490	\$ 548,709,696	\$ 8,795,230	\$ 700,166,416	\$ (69,517,245)	\$ 10,249,824	\$ 640,898,995
2020	139,797,840	515,331,376	8,795,230	663,924,446	(69,517,245)	10,676,900	605,084,101
2019	124,988,000	417,030,424	8,765,650	550,784,074	(63,153,303)	-	487,630,771
2018	106,874,320	311,703,770	2,186,910	420,765,000	(43,205,351)	-	377,559,649
2017	92,374,040	217,109,135	1,355,240	310,838,415	(21,042,706)	-	289,795,709
2016	71,168,300	182,377,825	1,127,550	254,673,675	(6,699,617)	-	247,974,058

- (a) A portion of the land in the District is deferred from taxation as a result of agricultural use and the over 65 exemption. See “TAXING PROCEDURES—Property Subject to Taxation.”
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on July 1, 2020. Increases in value that occur between January 1, 2020 and July 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.. See “TAXING PROCEDURES.”

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property’s taxable assessed value as a percentage of the certified portion (\$594,407,201) of the 2020 Taxable Assessed Valuation of \$605,084,101. This represents ownership as of January 1, 2020. Principal taxpayer lists related to the uncertified portion (\$10,676,900) of the 2020 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of July 1, 2020, of \$640,898,995, are not currently available.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
Berry Place Ventures	\$ 11,773,430	1.98%
Pulte Homes of Texas LP (a)	9,051,100	1.52%
George Foundation (b)	6,893,560	1.16%
HEB Grocery Company LP	5,949,270	1.00%
HW 589 Holdings LLC (b)	4,766,000	0.80%
KB Home Lone Star Inc. (a) (b)	2,792,344	0.47%
Sitterle Homes-Houston LLC (a)	2,776,800	0.47%
MHI Partnership Ltd. (a)	1,911,280	0.32%
Perry Homes LLC (a)	1,711,160	0.29%
CenterPointe Energy	1,379,150	0.23%
Total	\$ 49,004,094	8.24%

- (a) See “THE DISTRICT—Homebuilders.”
- (b) See “THE DEVELOPERS AND PRINCIPAL PROPERTY OWNER.”

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 \$605,084,101 (\$594,407,201 of certified value and \$10,676,900 of uncertified value) or the Estimated Taxable Assessed Valuation as of July 1, 2020 of \$640,898,995. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the 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” and “INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates.”

Average Annual Debt Service Requirement (2021-2045)	\$1,979,844
\$0.35 Tax Rate on the 2020 Taxable Assessed Valuation	\$2,011,905
\$0.33 Tax Rate on Estimated Taxable Assessed Valuation as of July 1, 2020	\$2,009,218
Maximum Annual Debt Service Requirement (2022).....	\$2,549,773
\$0.45 Tax Rate on the 2020 Taxable Assessed Valuation	\$2,586,735
\$0.42 Tax Rate on Estimated Taxable Assessed Valuation as of July 1, 2020	\$2,557,187

No representation or suggestion is made that the uncertified portion (\$10,676,900) of the 2020 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 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 amounts or their 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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully 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. See “TAX DATA—Debt Service Tax” and “—Maintenance Tax.”

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with 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, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The

District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$3,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 before July 1.

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 and/or the City of Richmond may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County and/or the City of Richmond 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.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review 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. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent

tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes." 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. 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 Richmond, the City of Sugar Land, 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" below.

Infectious Disease Outlook (COVID-19)

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

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on 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 within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of 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.

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 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.

Extreme Weather; Hurricane Harvey

The greater Houston area 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) 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.

Based on information obtained by the District from Costello, Inc. (the "Engineer"), the engineer for the District, Fort Bend County Municipal Utility District No. 187 ("MUD 187") and Fort Bend County Municipal Utility District No. 215 ("MUD 215"), LJA Engineering, Inc., the engineer for Fort Bend County Municipal Utility District No. 207 ("MUD 207"), and Jones and Carter, Inc., the engineer for Williams Ranch Municipal Utility District No. 1 ("Williams Ranch"), all of which are located within the boundaries of the District, the District understands the water, sewer and drainage systems of MUD 187, MUD 207, MUD 215 and Williams Ranch did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District did not receive reports of any homes or other improvements within the District that experienced structural flooding or other material damage.

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

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. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots 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, 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 30 miles from 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 the national financial and credit markets. A downturn in the economic conditions of Houston and the nation 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 in the District, which is 30 miles from downtown Houston, could be affected by competition from other residential developments including other residential developments located in the southwest portion of the Houston metropolitan. 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.

The competitive position of the Developers in the sale of developed lots and of Pulte Homes, Sitterle, Lennar, Perry, Highland, David Weekley, MHI as Coventry, Newmark, Westin Homes, and KB Home in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers or builders will be implemented or, if implemented, will be successful.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2020 Taxable Assessed Valuation is \$605,084,101 (\$594,407,201 of certified value plus \$10,676,900 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be \$2,549,773 (2022), and the average annual debt service requirement will be \$2,042,040 (2021-2045 inclusive). Assuming no increase or decrease from the 2020 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.45 and \$0.35 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of July 1, 2020, is \$640,898,995, which reduces the above calculations to \$0.42 and \$0.33 per \$100 of taxable assessed valuation, respectively.

No representation or suggestion is made that the uncertified portion of the 2020 Taxable Assessed Valuation will not be adjusted downward prior to certification or that the estimated values of land and improvements provided by the Appraisal District as of July 1, 2020, 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 its attainment.

Undeveloped Acreage, Vacant Land and Vacant Lots

There are approximately 250 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage and detention facilities necessary for the construction of taxable improvements (including approximately 35 acres where utility construction is underway for 152 single-family residential lots. In addition, as of July 1, 2020, 334 lots were vacant. The District makes no representation as to when or if development of this acreage and home construction on vacant lots will occur. See "THE DISTRICT—Land Use."

Nature of the District Development and 65 and Over Exemption

Approximately 520 acres of land within the District consists of Del Webb Sweetgrass, an active adult/retirement community with home ownership restricted to purchasers age 55 or older. Pursuant to Texas law, the District may by its own action, exempt \$3,000 or more of the residential homestead value of persons sixty-five (65) years or older or disabled. Such exemptions are to be considered annually, and once authorized may be repealed, decreased or increased by the Board or by a process of petition and referendum. Currently, the District offers an exemption of \$50,000 for the residential homestead value of persons who are sixty five (65) years or older or disabled. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to

disregard exemptions for the elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Any tax exemption reduces the taxable value and a reduction in taxable value would likely result in an increase in the tax rate of the District. Additionally, pursuant to Texas law, the owner of residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) disabled, or (iii) qualifies as a disabled veteran under Texas law, entitled by law to pay current taxes on such residential homestead in installments or to defer the payment of the taxes without penalty during the time of ownership if the resident files an affidavit with the Appraisal District. Such deferral prohibits the filing of a lawsuit to collect delinquent taxes until such time as the taxpayer no longer owns and occupies the property as a residence homestead. If a lawsuit to collect taxes is filed prior to the filing of such an affidavit, the taxpayer may obtain an abatement of such suit until such time as the taxpayer no longer owns and occupies the property as a resident homestead. Taxes and interest continue to accrue against the property and the lien securing such taxes and interest remains in existence during the deferral or abatement period. Because a significant portion of the District has been developed as a retirement community and a substantial proportion of the property owners currently within the District could be over 65 years of age or older or disabled, it is possible that deferrals and payment installments could significantly delay the collection of property taxes pledged for the payment of principal and interest on the Bonds. A significant amount of deferrals and split payments could require a tax rate increase to compensate for the loss of timely tax revenue needed for the payment of debt service annually, which could decrease the value of residences in the District and affect the District's ability to issue bonds in the future. In addition, deferred taxes owed to all taxing jurisdictions may accumulate to amounts greater than the value of the residence. See "TAXING PROCEDURES— Property Subject to Taxation by the District" and "Levy and Collection of Taxes."

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 932-946. 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

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. Voters in the District have authorized a total of \$156,900,000 principal amount of unlimited tax bonds for the purpose of constructing levee and drainage improvements and refunding such bonds. After the issuance of the Bonds, \$118,015,000 principal amount of unlimited tax bonds for levee and drainage improvements and refunding such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. 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. To date, the Developers and other land owners have advanced certain funds for levee and drainage improvements of which approximately \$2,500,000 has not been reimbursed. The District expects that additional amounts will be incurred by HW 589 and The George Foundation and that additional bonds will be sold to fully serve the District with levee and drainage improvements. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for levee and drainage improvements is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. 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."

Overlapping Debt and Taxes

Property owners in the District are also subject to taxation by either MUD 187, MUD 207, MUD 215 or Williams Ranch. MUD 187 adopted a 2019 total tax rate in the amount of \$0.86 per \$100 of taxable assessed valuation (\$0.83 for debt and \$0.03 for maintenance), has \$39,455,000 of unlimited tax bonds outstanding and has authorized the preparation of a bond application requesting approval from the TCEQ for the sale of \$4,100,000 principal amount of unlimited tax park bonds. MUD 215 adopted a 2019 total tax rate in the amount of \$1.00 per \$100 of taxable assessed valuation (\$0.74 for debt and \$0.26 for maintenance), has \$20,485,000 principal amount of unlimited tax bonds outstanding and expects to sell \$7,515,000 principal amount of unlimited tax bonds and \$1,230,000 principal amount of unlimited tax park bonds in August 2020. Williams Ranch adopted a 2019 total tax rate in the amount of \$1.00 per \$100 of taxable assessed valuation (\$0.42 for debt and \$0.58 for maintenance), as \$3,000,000 principal amount of unlimited tax bonds outstanding and expects to sell \$2,425,000 principal amount of unlimited tax bonds in 2020. MUD 207 has adopted a 2019 tax rate of \$1.00 per \$100 of taxable assessed valuation (all maintenance). Taxes levied by MUD 187, MUD 207, MUD 215 and Williams Ranch and other overlapping jurisdictions are in addition to taxes levied by the District. As of the date hereof, MUD 187 had \$39,455,000 principal amount of unlimited tax bonds outstanding. MUD 215 has \$20,485,000 principal amount of unlimited tax bonds outstanding and Williams Ranch has \$3,000,000 principal amount of unlimited tax bonds outstanding. The District cannot

represent whether any of the development planned or occurring in the District will be successful or whether the appraised valuation of the land located within MUD 187, MUD 207, MUD 215 and Williams Ranch will justify payment of the taxes levied by MUD 187, MUD 207, MUD 215 and Williams Ranch, as well as District taxes, by property owners.

The District intends that its tax rate, in combination with any municipal utility district in its boundaries, will not exceed \$1.50 per \$100 of taxable assessed valuation. However, the aggregate tax rate that may be required to service debt on any bonds issued by the District and any utility district in its boundaries and to pay operating costs is subject to numerous uncertainties such as the growth of taxable values within the District's and a utility district's respective boundaries, regulatory approvals, construction costs, interest rates and economic conditions. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.50 per \$100 of assessed valuation is higher than the tax levy of many utility districts in the Fort Bend County and Harris County region, although such a combined levy is within the range of levies imposed for similar purposes by certain utility districts in the Fort Bend County and Harris County regions in stages of development comparable with the District. All land within the District is subject to taxation by the overlapping taxing jurisdictions described herein under "Financial Information Concerning the District (Unaudited)—Overlapping Taxes." These taxes are in addition to those taxes levied by the District. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates of competing projects in the Harris/Fort Bend County region.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Fort Bend County limit the projected "combined total tax rate" attributable to an entity levying a tax for water, wastewater and drainage to \$1.50 per \$100 of assessed valuation. In the case of the District, the total "combined tax rate" under current TCEQ rules includes the tax rate of the District in combination with MUD 187, MUD 207, MUD 215 or Williams Ranch. The current "combined tax rate" of the District specifically attributable to water, sewer, drainage and recreational facilities, is consistent with the rules of the TCEQ. If the total "combined tax rate" of the District should ever exceed \$1.50 per \$100 of assessed valuation, the District, MUD 187, MUD 207, MUD 215 or Williams Ranch could be prohibited under rules of the TCEQ from selling bonds. See "Possible Impact on District Tax Rates" above and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes."

Flood Protection

The Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Maps dated April 2, 2014, indicate that all of the property within the District lies outside the 100-year flood plain of the Brazos River. The District assisted in constructing a perimeter levee system to remove the District from the floodplain.

The District's levee and drainage system has been designed and constructed to all current standards. See "FLOOD PROTECTION." However, the levee system does not protect against all flooding scenarios and flooding could occur in the District as a result of 1) an overtopping of the levee, or 2) a failure (or breach) of the levee system, or 3) localized rainfall in excess of the 100-year event.

An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The "100-year event" means the river elevation has a statistical 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three feet above the level of a 100-year event and current Fort Bend County regulations require an additional 1 foot of height above FEMA minimum requirements.

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.

In addition to the risk of overtopping, a portion of the District would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at a flood state of less than the 100-year event. In order to mitigate the risk, the District performs weekly inspections of the levee to observe any visible damage or deterioration of the levee that is in need of repair. Repairs of damage or deterioration are addressed through active maintenance by the District's Operator and an inspection program by the District Engineer to identify and correct any deficiencies.

The District could experience flooding if a localized rainfall event in excess of the 100-year event were to happen within the District. The statistical chance of this happening is 1% in any given year, with this risk being independent of the levee system.

Operations of districts and other political subdivisions are also subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities (which was amended and reissued on August 14, 2006) and proposed a general permit for stormwater discharges associated with small municipal separate storm sewer systems (large MS4s already have a general stormwater permit in place). The District is required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

Operations of the District are also subject to requirements and restrictions under the Clean Water Act regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.

Marketability of the Bonds

The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds 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.

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.

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."

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Build America Mutual Assurance Company ("BAM" 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. See "MUNICIPAL BOND INSURANCE."

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

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

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

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

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

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

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign its municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company. Moody's Investors Service ("Moody's") has assigned an underlying credit rating of "A3" to the Bonds without regard to credit enhancement. An explanation of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."

There is no assurance that such ratings will continue for any given period of time or that they 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, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.7 million, \$143.6 million and \$345.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under “THE BONDS,” “THE DISTRICT—General,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No 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 Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2020 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

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

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 Developers, 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 Assessments of the Southwest, Inc., and is included herein in reliance upon the authority 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 "FLOOD PROTECTION" has been provided by Costello, Inc., 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 audited financial statement for the period ending July 31, 2019, was prepared by McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants. See “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)—District Operations and Maintenance” has been provided by Myrtle Cruz, Inc., and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of 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 annually 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 “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” except for “Estimated Overlapping Debt,” “TAX DATA,” and in APPENDIX A (Financial Statement of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2020. Any financial statements provided by the District shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit becomes available.

The District’s current fiscal year end is July 31. Accordingly, it must provide updated information by January 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.

Specified Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational 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 Registered 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 Registered Owners 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

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

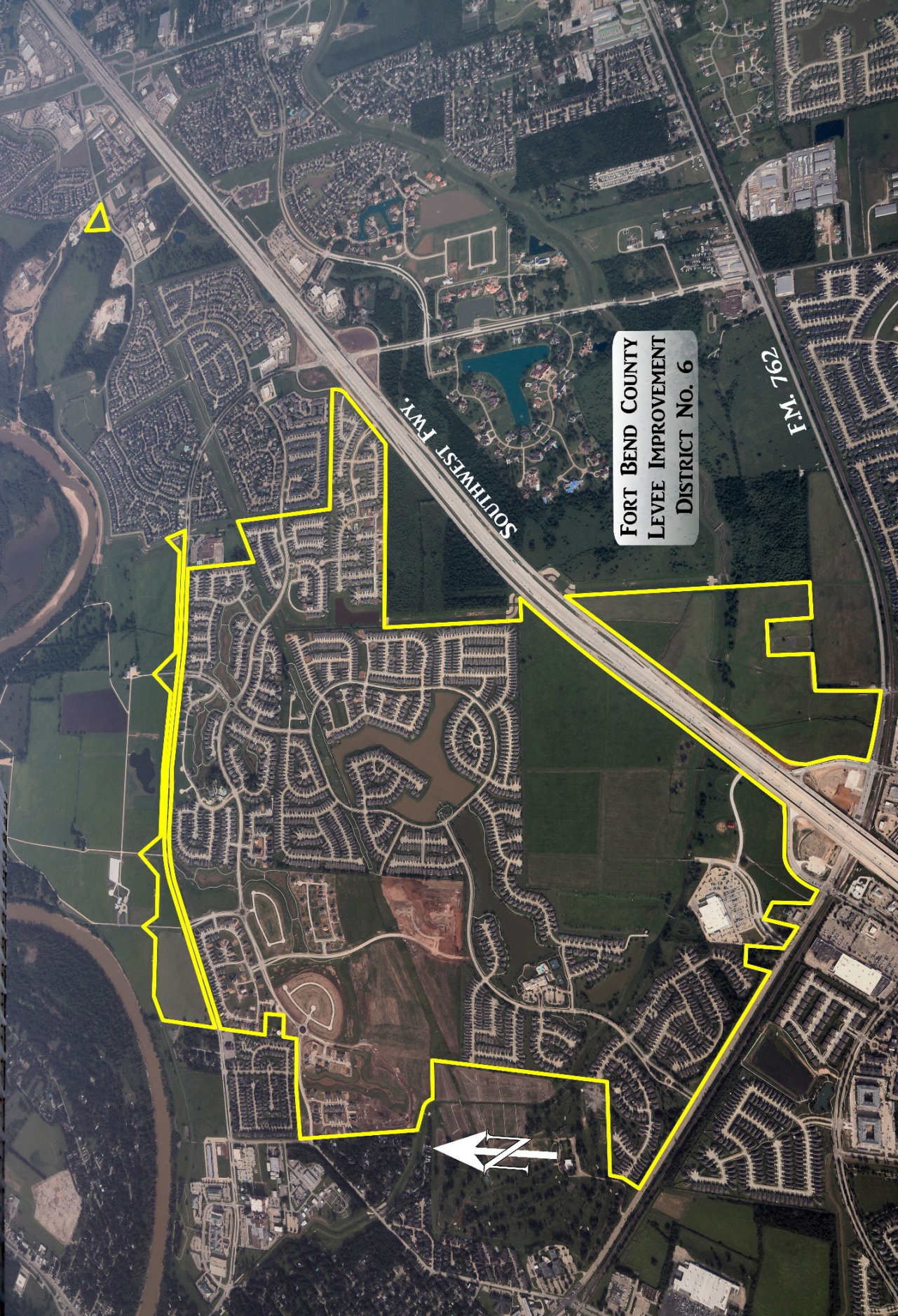
/s/ Gary Pochyla
President, Board of Directors

ATTEST:

/s/ Linda Anne Jacks
Secretary, Board of Directors

AERIAL PHOTOGRPAH

(As of June 2020)



**FORT BEND COUNTY
LEVEE IMPROVEMENT
DISTRICT No. 6**

SOUTHWEST FWY.

I.M. 762



PHOTOGRAPHS OF THE DISTRICT

(As of June 2020)













APPENDIX A

Financial Statement of the District for the period ended July 31, 2019

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2019

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Levee
Improvement District No. 6
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 6 (the "District"), as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Fort Bend County Levee
Improvement District No. 6

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 July 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 25, 2019

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2019**

Management's discussion and analysis of Fort Bend County Levee Improvement District No. 6's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended July 31, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes 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 expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, operating 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.

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2019**

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") and other supplementary information. 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, liabilities exceeded assets and deferred outflows of resources by \$854,694 as of July 31, 2019. A portion of the District's net position reflects its net investment in capital assets (land and land improvements and drainage facilities less any debt used to acquire those assets that are still outstanding).

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 2,844,230	\$ 2,374,083	\$ 470,147
Capital Assets (Net of Accumulated Depreciation)	<u>23,895,510</u>	<u>20,877,549</u>	<u>3,017,961</u>
Total Assets	<u>\$ 26,739,740</u>	<u>\$ 23,251,632</u>	<u>\$ 3,488,108</u>
Deferred Outflows of Resources	\$ 80,473	\$ -0-	80,473
Due to Landowners/Developers	\$ 4,417,157	\$ 7,689,688	3,272,531
Bonds Payable	22,849,407	15,220,000	(7,629,407)
Other Liabilities	<u>408,343</u>	<u>285,486</u>	<u>(122,857)</u>
Total Liabilities	<u>\$ 27,674,907</u>	<u>\$ 23,195,174</u>	<u>\$ (4,479,733)</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,988,139)	\$ (1,154,762)	\$ (1,833,377)
Restricted	1,365,256	975,492	389,764
Unrestricted	<u>768,189</u>	<u>235,728</u>	<u>532,461</u>
Total Net Position	<u>\$ (854,694)</u>	<u>\$ 56,458</u>	<u>\$ (911,152)</u>

The following table provides a summary of the District's operations for the years ending July 31, 2019, and July 31, 2018. The District's net position decreased by \$911,152.

	<u>Summary of Changes in the Statement of Activities</u>		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,902,274	\$ 1,447,074	\$ 455,200
Other Revenues	<u>27,452</u>	<u>40,636</u>	<u>(13,184)</u>
Total Revenues	\$ 1,929,726	\$ 1,487,710	\$ 442,016
Expenses for Services	<u>2,840,878</u>	<u>1,614,971</u>	<u>(1,225,907)</u>
Change in Net Position	\$ (911,152)	\$ (127,261)	\$ (783,891)
Net Position, Beginning of Year	<u>56,458</u>	<u>183,719</u>	<u>(127,261)</u>
Net Position, End of Year	<u>\$ (854,694)</u>	<u>\$ 56,458</u>	<u>\$ (911,152)</u>

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2019, were \$2,633,493, an increase of \$350,868 from the prior year.

The General Fund fund balance increased by \$167,250, primarily due to maintenance tax revenues exceeding operating costs, as well as a transfer from the Capital Projects Fund to reimburse bond issuance costs.

The Debt Service Fund fund balance increased by \$438,044, primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from the proceeds of the Series 2018 bond sale.

The Capital Projects Fund fund balance decreased by \$254,426 primarily due to capital outlay and bond issuance costs exceeding proceeds from the Series 2018 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year. Total revenues were \$29,726 less than budgeted revenues, primarily due to lower than anticipated property tax collections. Total expenditures were \$33,793 less than budgeted expenditures, primarily due to lower than anticipated costs across all categories except professional fees.

CAPITAL ASSETS

Capital assets as of July 31, 2019, total \$23,895,510 (net of accumulated depreciation) and include land and land improvements and drainage facilities. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 12,918,787	\$ 10,627,411	\$ 2,291,376
Capital Assets, Net of Accumulated Depreciation:			
Drainage System	10,976,723	10,250,138	726,585
Total Net Capital Assets	\$ 23,895,510	\$ 20,877,549	\$ 3,017,961

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2019**

LONG-TERM DEBT ACTIVITY

As of July 31, 2019, the District had total bond debt payable of \$22,895,000. The changes in the debt position of the District during the fiscal year ended July 31, 2019, are summarized as follows:

Bond Debt Payable, August 1, 2018	\$ 15,220,000
Add: Bond Sales	12,810,000
Less: Bond Principal Paid and Refunded	<u>5,135,000</u>
Bond Debt Payable, July 31, 2019	<u>\$ 22,895,000</u>

The District's Series 2012, Series 2013, Series 2014 and Series 2015 bonds do not carry an underlying rating or any insured ratings. The Series 2017 bonds carry an underlying rating of "Baa1" from Moody's and an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2018 and Series 2019 Refunding bonds carry an underlying rating of "Baa1" from Moody's and an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2020 projects an increase in General Fund fund balance of \$2,440. Compared to the fiscal year 2019 budget, revenues are expected to increase by \$1,500 and expenditures are expected to increase by \$110,000.

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 Levee Improvement District No. 6, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027-9944.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 969,662	\$ 1,363,767
Investments		259,327
Receivables:		
Property Taxes	13,128	25,924
Penalty and Interest on Delinquent Taxes		
Accrued Interest		284
Due from Other Funds	4,492	5,128
Prepaid Costs		
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Improvements		
Drainage System		
TOTAL ASSETS	\$ 987,282	\$ 1,654,430
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 987,282	\$ 1,654,430

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 160,779	\$ 2,494,208 259,327	\$	\$ 2,494,208 259,327
	39,052		39,052
	284	7,101	7,101
1,500	11,120	(11,120)	284
		44,258	44,258
		12,918,787	12,918,787
		10,976,723	10,976,723
<u>\$ 162,279</u>	<u>\$ 2,803,991</u>	<u>\$ 23,935,749</u>	<u>\$ 26,739,740</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 80,473</u>	<u>\$ 80,473</u>
<u>\$ 162,279</u>	<u>\$ 2,803,991</u>	<u>\$ 24,016,222</u>	<u>\$ 26,820,213</u>

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 112,176	\$
Accrued Interest Payable		
Due to Other Funds	6,628	4,492
Due to Taxpayers		2,286
Due to Landowners/Developers		
Accrued Interest at Time of Sale		1,480
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 118,804	\$ 8,258
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 13,128	\$ 25,924
 FUND BALANCES		
Restricted for:		
Authorized Construction	\$	\$
Debt Service		1,620,248
Unassigned	855,350	
TOTAL FUND BALANCES	\$ 855,350	\$ 1,620,248
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 987,282	\$ 1,654,430
 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
\$ 4,384	\$ 116,560	\$	\$ 116,560
		289,497	289,497
	11,120	(11,120)	
	2,286		2,286
		4,417,157	4,417,157
	1,480	(1,480)	
		515,000	515,000
		22,334,407	22,334,407
<u>\$ 4,384</u>	<u>\$ 131,446</u>	<u>\$ 27,543,461</u>	<u>\$ 27,674,907</u>
<u>\$ -0-</u>	<u>\$ 39,052</u>	<u>\$ (39,052)</u>	<u>\$ -0-</u>
\$ 157,895	\$ 157,895	\$ (157,895)	\$
	1,620,248	(1,620,248)	
	855,350	(855,350)	
<u>\$ 157,895</u>	<u>\$ 2,633,493</u>	<u>\$ (2,633,493)</u>	<u>\$ - 0 -</u>
<u>\$ 162,279</u>	<u>\$ 2,803,991</u>		
		\$ (2,988,139)	\$ (2,988,139)
		1,365,256	1,365,256
		768,189	768,189
		<u>\$ (854,694)</u>	<u>\$ (854,694)</u>

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JULY 31, 2019

Total Fund Balances - Governmental Funds	\$	2,633,493
--	----	-----------

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		23,895,510
--	--	------------

Prepaid bond insurance costs are amortized over the term of the debt in governmental activities.		44,258
--	--	--------

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.		80,473
--	--	--------

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.		46,153
--	--	--------

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 Landowners/Developers	\$	(4,417,157)	
Accrued Interest Payable		(288,017)	
Bonds Payable		<u>(22,849,407)</u>	<u>(27,554,581)</u>
Total Net Position - Governmental Activities	\$		<u><u>(854,694)</u></u>

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

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FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 554,184	\$ 1,343,810
Penalty and Interest		11,681
Investment Revenues	2,090	9,892
Miscellaneous Revenues		
TOTAL REVENUES	\$ 556,274	\$ 1,365,383
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 270,569	\$ 3,063
Contracted Services	30,583	52,587
Repairs and Maintenance	115,380	
Depreciation		
Other	24,735	9,721
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		470,000
Bond Interest		606,746
Bond Issuance Costs		216,693
Payment to Refunded Bond Escrow Agent		76,000
TOTAL EXPENDITURES/EXPENSES	\$ 441,267	\$ 1,434,810
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	\$ 115,007	\$ (69,427)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 52,243	\$
Long-Term Debt Issued		285,650
Refunding Bonds		4,960,000
Payment to Refunded Bond Escrow Agent		(4,669,321)
Bond Discount		(68,858)
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 52,243	\$ 507,471
NET CHANGE IN FUND BALANCES	\$ 167,250	\$ 438,044
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
AUGUST 1, 2018	688,100	1,182,204
FUND BALANCES/NET POSITION -		
JULY 31, 2019	\$ 855,350	\$ 1,620,248

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,897,994	\$ 4,280	\$ 1,902,274
	11,681	1,191	12,872
783	12,765		12,765
<u>1,815</u>	<u>1,815</u>		<u>1,815</u>
\$ 2,598	\$ 1,924,255	\$ 5,471	\$ 1,929,726
\$ 95,477	\$ 369,109	\$	\$ 369,109
	83,170		83,170
	115,380		115,380
		112,593	112,593
242	34,698		34,698
6,403,085	6,403,085	(6,403,085)	
743,497	743,497		743,497
	470,000	(470,000)	
	606,746	53,477	660,223
550,128	766,821	(44,613)	722,208
	<u>76,000</u>	<u>(76,000)</u>	
\$ 7,792,429	\$ 9,668,506	\$ (6,827,628)	\$ 2,840,878
\$ (7,789,831)	\$ (7,744,251)	\$ 6,833,099	\$ (911,152)
\$ (52,243)	\$	\$	\$
7,564,350	7,850,000	(7,850,000)	
	4,960,000	(4,960,000)	
	(4,669,321)	4,669,321	
	(68,858)	68,858	
<u>23,298</u>	<u>23,298</u>	<u>(23,298)</u>	
\$ 7,535,405	\$ 8,095,119	\$ (8,095,119)	\$ -0-
\$ (254,426)	\$ 350,868	\$ (350,868)	\$
		(911,152)	(911,152)
<u>412,321</u>	<u>2,282,625</u>	<u>(2,226,167)</u>	<u>56,458</u>
\$ 157,895	\$ 2,633,493	\$ (3,488,187)	\$ (854,694)

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

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$ 350,868
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.	4,280
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.	1,191
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.	(112,593)
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.	6,403,085
Governmental funds report bond discounts as other financing uses, bond premiums as other financing sources and bond insurance as expenses in the year the bonds are sold. However, in the Statement of Net Position, bond discounts, bond premiums and bond insurance are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	90,173
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.	470,000
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.	(53,477)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(12,810,000)
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 Position.	4,745,321
Change in Net Position - Governmental Activities	<u>\$ (911,152)</u>

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 1. CREATION OF DISTRICT

Fort Bend County Levee Improvement District No. 6 (the “District”), located in Fort Bend County, Texas was created, effective July 2, 1984, by the Commissioners Court of Fort Bend County, Texas. The District operates pursuant to provisions of Chapters 49 and 57 of the Texas Water Code, Chapter 7808 of the Texas Special District Local Laws Code (“Chapter 7808”), and provisions of Article XVI, Section 59 of the Constitution of Texas. The District is partially located within the extraterritorial jurisdictions of the Cities of Sugar Land and Richmond. The principal functions of the District include constructing and maintaining levees and other improvements on, along and contiguous to rivers, creeks, and streams; reclaiming lands within the District from these streams; the control and distribution of the waters of rivers and streams within and adjacent to the District by straightening and otherwise improving them; the provisions of proper drainage and other improvements of the reclaimed land within the District. The District is subject to continuing supervision of the Commissioners Court of Fort Bend County and the Texas Commission on Environmental Quality (the “Commission”). The Board of Directors held its first meeting on June 29, 2007, and the first bonds were issued on December 20, 2012.

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.

Financial Statement Presentation

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net 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.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, property tax revenues, operating 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 after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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 July 31, 2019, the Debt Service Fund owed the General Fund \$4,492 for maintenance tax collections, the General Fund owed the Debt Service Fund \$5,128 for an excess reimbursement of bond issuance and arbitrage compliance costs and the General Fund owed the Capital Projects Fund \$1,500 for bond issuance costs. During the current fiscal year, the Capital Projects Fund transferred \$52,243 to the General Fund to reimburse for bond issuance costs.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditure 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
Drainage System	45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only. Therefore, a pension plan has not been established.

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.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

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 fund types report increases and decreases in available spendable resources. Fund balances in governmental funds use 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. The District does not have any nonspendable fund balances.

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in bonds payable for the year ended July 31, 2019, as well as bonds outstanding at year end:

	August 1, 2018	Additions	Retirements	July 31, 2019
Bonds Payable	\$ 15,220,000	\$ 12,810,000	\$ 5,135,000	\$ 22,895,000
Unamortized Discounts		(68,858)	(549)	(68,309)
Unamortized Premiums		23,298	582	22,716
Bonds Payable, net	<u>\$ 15,220,000</u>	<u>\$ 12,764,440</u>	<u>\$ 5,135,033</u>	<u>\$ 22,849,407</u>
		Amount Due Within One Year		\$ 515,000
		Amount Due After One Year		<u>22,334,407</u>
		Bonds Payable, net		<u>\$ 22,849,407</u>

	Series 2012	Series 2013	Series 2014
Amount Outstanding – July 31, 2019	\$ 215,000	\$ 315,000	\$ 2,430,000
Interest Rates	2.75% - 3.20%	3.00% - 3.50%	3.00% - 4.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2021	September 1, 2019/2021	September 1, 2019/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2019*	September 1, 2022*

	Series 2015	Series 2017	Series 2018	Refunding Series 2019
Amount Outstanding – July 31, 2019	\$ 2,300,00	\$ 4,825,000	\$ 7,850,000	\$ 4,960,000
Interest Rates	1.90% - 4.00%	2.00% - 4.00%	3.00% - 4.125%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2040	September 1, 2019/2042	September 1, 2020/2042	September 1, 2020/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2024*	September 1, 2024*	September 1, 2024*

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

* At the option of the District, in whole or in part, on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2014 term bonds due September 1, 2029, September 1, 2033, and September 1, 2038, are subject to mandatory redemption on September 1, 2027, September 1, 2030, and September 1, 2034, respectively. Series 2015 term bonds due September 1, 2031, September 1, 2035, September 1, 2037, and September 1, 2040, are subject to mandatory redemption on September 1, 2030, September 1, 2032, September 1, 2036, and September 1, 2038 respectively. Series 2017 term bonds due September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039, and September 1, 2042, are subject to mandatory redemption on September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, and September 1, 2040, respectively.

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

Fiscal Year	Principal	Interest	Total
2020	\$ 515,000	\$ 718,309	\$ 1,233,309
2021	915,000	730,199	1,645,199
2022	935,000	700,426	1,635,426
2023	950,000	670,605	1,620,605
2024	955,000	643,686	1,598,686
2025-2029	4,990,000	2,828,734	7,818,734
2030-2034	5,410,000	2,013,748	7,423,748
2035-2039	5,760,000	1,003,776	6,763,776
2040-2043	2,465,000	179,526	2,644,526
	<u>\$ 22,895,000</u>	<u>\$ 9,489,009</u>	<u>\$ 32,384,009</u>

As of July 31, 2019, the District had authorized but unissued bonds in the amount of \$132,905,000 for the purpose of acquiring or constructing levee and drainage facilities and improvements, as well as available for refunding bonds.

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 July 31, 2019, the District levied an ad valorem debt service tax rate of \$ 0.355 per \$100 of assessed valuation, which resulted in a tax levy of \$1,340,990 on the adjusted taxable valuation of \$377,743,649 for the 2018 tax year. The bond orders 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.

The District's tax calendar is as follows:

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

For the bonds sold, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

In accordance with the bond resolutions for the Series 2017 and Series 2018 Unlimited Tax Bonds, a portion of the bond proceeds were deposited into the Debt Service Fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Restricted for Bond Interest – August 1, 2018	\$ 112,035
Plus: Capitalized Interest – Series 2018	285,650
Less: Bond Interest – Series 2017	112,035
Less: Bond Interest – Series 2018	<u>50,782</u>
Restricted for Bond Interest – July 31, 2019	<u>\$ 234,868</u>

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$2,753,535 and the bank balance was \$2,756,120. 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 July 31, 2019, as listed below:

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 969,662	\$	\$ 969,662
DEBT SERVICE FUND	1,363,767	259,327	1,623,094
CAPITAL PROJECTS FUND	160,779		160,779
TOTAL DEPOSITS	\$ 2,494,208	\$ 259,327	\$ 2,753,535

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.

As of July 31, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>DEBT SERVICE FUND</u>		
Certificate of Deposit	\$ 259,327	\$ 259,327

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

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 year ended July 31, 2019:

	August 1, 2018	Increases	Decreases	July 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 10,627,411	\$ 2,291,376	\$ -0-	\$ 12,918,787
Capital Assets Subject to Depreciation				
Drainage System	\$ 11,004,948	\$ 839,178	\$ - 0 -	\$ 11,844,126
Accumulated Depreciation				
Drainage System	\$ 754,810	\$ 112,593	\$ - 0 -	\$ 867,403
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,250,138</u>	<u>\$ 726,585</u>	<u>\$ - 0 -</u>	<u>\$ 10,976,723</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,877,549</u>	<u>\$ 3,017,961</u>	<u>\$ - 0 -</u>	<u>\$ 23,895,510</u>

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 7. MAINTENANCE TAX

On November 4, 2008, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The District, Fort Bend County Municipal Utility District No. 187, Fort Bend Municipal Utility District No. 207, Fort Bend County Municipal Utility District No. 215 and Williams Ranch Municipal Utility District No. 1 (the “MUDs”) entered into agreements whereby the District and the individual MUDs agreed to an initial tax rate division of the maintenance tax of \$0.50 and \$1.00 per \$100 of assessed valuation, respectively. During the year ended July 31, 2019, the District levied an ad valorem maintenance tax rate of \$ 0.145 per \$100 of assessed valuation, which resulted in a tax levy of \$547,728 on the adjusted taxable valuation of \$377,743,649 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating 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. COST SHARING AGREEMENTS

The District entered into cost-sharing agreements with Fort Bend County (the “County”) and various landowners with the District for the construction of the Project A Levee System (“Project A”). Pursuant to the agreements, the County and the landowners have advanced funds for the cost of construction of Project A. With the completion of Project A, the landowners were reimbursed by the District from the proceeds of bond issues. Included in the total project cost of approximately \$9.3 million was \$1.4 million for the acquisition of land from one of the landowners. This amount was credited against the amount to be advanced for construction costs by the landowner. The final payment on the amounts advanced as part of this project were paid with the proceeds of the Unlimited Tax Bonds, Series 2015.

NOTE 10. UNREIMBURSED COSTS

The District has entered into financing agreements with various landowners within the District for the financing of the construction of levee systems and drainage facilities. Under the agreements, the landowners have advanced funds for the construction of District’s share of costs for the construction of a regional levee system. Additionally, the District has agreed to reimburse developers in the District for the construction of detention ponds and other drainage facilities in the District. The landowners and developers will be reimbursed from proceeds of future bond issues or other lawfully available funds subject to approval by the Commission. As of fiscal year-end, the District has recorded \$4,272,610 due to landowners/developers for completed facilities and an additional \$144,547 due to landowners/developers for operating advances.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2019

NOTE 11. BOND SALES

On December 27, 2018, the District issued \$7,850,000 of Unlimited Tax Levee Improvement Bonds, Series 2018. The proceeds from the bonds were used to reimburse developers/landowners for certain construction and engineering costs for water, wastewater and drainage facilities to serve Del Webb, Sections 1B, 1C, 3, 4, 5 and 11; Del Webb Detention Pond, Phase 2; Williams Ranch Detention Pond 1; Veranda Detention, Phase 1; Williams Way Drainage Ditch; Storm Water Pollution Prevention Planning; land acquisition for Mitigation/Detention Pond, Phase 1, KB Detention Pond and Veranda Detention Ponds, Phase 1; reimburse the developers/landowners for previously funded operating advances made to the District; provide for capitalized interest; and fund certain costs associated with the issuance of the bonds.

On June 5, 2019, the District issued \$4,960,000 of Unlimited Tax Levee Improvement Refunding Bonds, Series 2019. The net proceeds of \$4,669,321 and \$76,000 of available Debt Service Fund monies were used to call and refund \$1,840,000 of Series 2012 bonds and \$2,825,000 of Series 2013 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 obtained gross debt service savings of \$632,544 and net present value savings of \$456,016.

NOTE 12. SUBSEQUENT EVENT - BOND SALE AND USE OF SURPLUSE FUNDS

Subsequent to year end, the District will issue \$8,000,000 of Unlimited Tax Levee Improvement Bonds, Series 2019A. The proceeds from the bonds and surplus Capital Projects Fund monies will be used to reimburse developers/landowners for certain construction and engineering costs for Williams Ranch Detention Pond 1; Williams Ranch Outfall Ditch; Veranda Detention, Phases 1 and 2; Storm Water Pollution Prevention Plan; reimburse the developers/landowners for previously funded operating advances made to the District; provide for capitalized interest; and fund certain costs associated with the issuance of the bonds. Delivery of the bonds is expected on or about December 20, 2019.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2019

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 585,000	\$ 554,184	\$ (30,816)
Investment Revenues	<u>1,000</u>	<u>2,090</u>	<u>1,090</u>
TOTAL REVENUES	<u>\$ 586,000</u>	<u>\$ 556,274</u>	<u>\$ (29,726)</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 162,000	\$ 270,569	\$ (108,569)
Contracted Services	41,000	30,583	10,417
Repairs and Maintenance	225,000	115,380	109,620
Other	<u>47,060</u>	<u>24,735</u>	<u>22,325</u>
TOTAL EXPENDITURES	<u>\$ 475,060</u>	<u>\$ 441,267</u>	<u>\$ 33,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 110,940</u>	<u>\$ 115,007</u>	<u>\$ 4,067</u>
OTHER FINANCING SOURCES(USES)			
Transfers In	<u>\$ -0-</u>	<u>\$ 52,243</u>	<u>\$ 52,243</u>
NET CHANGE IN FUND BALANCE	\$ 110,940	\$ 167,250	\$ 56,310
FUND BALANCE - AUGUST 1, 2018	<u>688,100</u>	<u>688,100</u>	<u></u>
FUND BALANCE - JULY 31, 2019	<u>\$ 799,040</u>	<u>\$ 855,350</u>	<u>\$ 56,310</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2019

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2019**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the Rate Order Dated: *

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

* The District does not provide water and sewer services.

See accompanying independent auditor's report.

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2019**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
<u>≤3/4"</u>	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1½"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>
Total Wastewater Connections	<u>N/A</u>	<u>N/A</u>	x 1.0	<u>N/A</u>

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

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	N/A	<u>N/A</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2019

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJs in which District is located:

City of Sugar Land, Texas and City of Richmond, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2019

PROFESSIONAL FEES:	
Auditing	\$ 9,250
Engineering	185,949
Legal	<u>75,370</u>
TOTAL PROFESSIONAL FEES	<u>\$ 270,569</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 11,756
Operations	<u>18,827</u>
TOTAL CONTRACTED SERVICES	<u>\$ 30,583</u>
REPAIRS AND MAINTENANCE	<u>\$ 115,380</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 3,000
Insurance	7,367
Legal Notices	314
Office Supplies and Postage	1,598
Payroll Taxes	184
Travel and Meetings	105
Other	<u>12,067</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 24,635</u>
OTHER EXPENDITURES:	
Storm Water Permit	<u>\$ 100</u>
TOTAL EXPENDITURES	<u><u>\$ 441,267</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
INVESTMENTS
FOR THE YEAR ENDED JULY 31, 2019

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>DEBT SERVICE FUND</u>					
Certificate of Deposit	XXXX9711	2.50%	07/15/20	<u>\$ 259,327</u>	<u>\$ 284</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2018	\$ 12,684		\$ 22,088	
Adjustments to Beginning				
Balance	6,900	\$ 19,584	6,656	\$ 28,744
Original 2018 Tax Levy	\$ 551,096		\$ 1,349,234	
Adjustment to 2018 Tax Levy	(3,368)	547,728	(8,244)	1,340,990
TOTAL TO BE				
ACCOUNTED FOR		\$ 567,312		\$ 1,369,734
 TAX COLLECTIONS:				
Prior Years	\$ 12,325		\$ 17,189	
Current Year	541,859	554,184	1,326,621	1,343,810
 TAXES RECEIVABLE -				
JULY 31, 2019		\$ 13,128		\$ 25,924
 TAXES RECEIVABLE BY				
YEAR:				
2018		\$ 5,869		\$ 14,369
2017		2,101		4,079
2016		2,003		3,268
2015		1,558		2,437
2014		537		630
2013		438		630
2012		576		511
2011		46		
TOTAL		\$ 13,128		\$ 25,924

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2019

	2018	2017	2016	2015
PROPERTY VALUATIONS:				
Land	\$ 106,874,320	\$ 92,374,040	\$ 71,168,420	\$ 59,062,100
Improvements	311,703,770	217,109,135	182,377,825	129,080,300
Personal Property	2,186,910	1,355,240	1,127,550	913,680
Exemptions	<u>(43,021,351)</u>	<u>(20,836,991)</u>	<u>(6,334,934)</u>	<u>(3,588,601)</u>
TOTAL PROPERTY VALUATIONS	<u><u>\$ 377,743,649</u></u>	<u><u>\$ 290,001,424</u></u>	<u><u>\$ 248,338,861</u></u>	<u><u>\$ 185,467,479</u></u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.355	\$ 0.33	\$ 0.31	\$ 0.305
Maintenance	<u>0.145</u>	<u>0.17</u>	<u>0.19</u>	<u>0.195</u>
TOTAL TAX RATES PER \$100 VALUATION	<u><u>\$ 0.500</u></u>	<u><u>\$ 0.50</u></u>	<u><u>\$ 0.50</u></u>	<u><u>\$ 0.500</u></u>
ADJUSTED TAX LEVY*	<u><u>\$ 1,888,718</u></u>	<u><u>\$ 1,450,007</u></u>	<u><u>\$ 1,241,694</u></u>	<u><u>\$ 926,754</u></u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u><u>98.93 %</u></u>	<u><u>99.57 %</u></u>	<u><u>99.58 %</u></u>	<u><u>99.57 %</u></u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 4, 2008.

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 2				
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 70,000	\$ 5,463	\$	75,463
2021	70,000	3,450		73,450
2022	75,000	1,200		76,200
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
	\$ 215,000	\$ 10,113	\$	225,113

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 3				
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 100,000	\$ 8,763	\$	108,763
2021	105,000	5,556		110,556
2022	110,000	1,925		111,925
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
	\$ 315,000	\$ 16,244	\$	331,244

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 4				
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 75,000	\$ 94,163	\$	169,163
2021	80,000	91,838		171,838
2022	85,000	89,363		174,363
2023	85,000	86,813		171,813
2024	90,000	83,963		173,963
2025	95,000	80,725		175,725
2026	100,000	77,313		177,313
2027	105,000	73,725		178,725
2028	110,000	69,825		179,825
2029	115,000	65,606		180,606
2030	120,000	61,200		181,200
2031	125,000	56,450		181,450
2032	130,000	51,350		181,350
2033	140,000	45,950		185,950
2034	145,000	40,250		185,250
2035	150,000	33,975		183,975
2036	160,000	27,000		187,000
2037	165,000	19,688		184,688
2038	175,000	12,038		187,038
2039	180,000	4,050		184,050
2040				
2041				
2042				
2043				
	\$ 2,430,000	\$ 1,165,285	\$	3,595,285

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 5				
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 65,000	\$ 81,825	\$	146,825
2021	70,000	80,455		150,455
2022	70,000	78,863		148,863
2023	75,000	77,029		152,029
2024	75,000	74,948		149,948
2025	80,000	72,660		152,660
2026	85,000	70,143		155,143
2027	90,000	67,340		157,340
2028	90,000	64,325		154,325
2029	95,000	61,133		156,133
2030	100,000	57,620		157,620
2031	105,000	53,775		158,775
2032	110,000	49,690		159,690
2033	110,000	45,400		155,400
2034	115,000	40,900		155,900
2035	120,000	36,200		156,200
2036	125,000	31,300		156,300
2037	130,000	26,200		156,200
2038	140,000	20,800		160,800
2039	145,000	15,100		160,100
2040	150,000	9,200		159,200
2041	155,000	3,100		158,100
2042				
2043				
	\$ 2,300,000	\$ 1,118,006	\$	3,418,006

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 205,000	\$ 144,025	\$	349,025
2021	205,000	135,825		340,825
2022	205,000	127,625		332,625
2023	205,000	119,938		324,938
2024	205,000	114,300		319,300
2025	200,000	110,250		310,250
2026	200,000	106,250		306,250
2027	200,000	102,000		302,000
2028	200,000	97,250		297,250
2029	200,000	92,125		292,125
2030	200,000	86,750		286,750
2031	200,000	81,000		281,000
2032	200,000	75,000		275,000
2033	200,000	69,000		269,000
2034	200,000	63,000		263,000
2035	200,000	56,875		256,875
2036	200,000	50,625		250,625
2037	200,000	44,250		244,250
2038	200,000	37,750		237,750
2039	200,000	31,125		231,125
2040	200,000	24,375		224,375
2041	200,000	17,500		217,500
2042	200,000	10,500		210,500
2043	200,000	3,500		203,500
	\$ 4,825,000	\$ 1,800,838	\$	6,625,838

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$	\$ 285,650	\$ 285,650
2021	345,000	280,475	625,475
2022	345,000	270,125	615,125
2023	345,000	259,775	604,775
2024	345,000	249,425	594,425
2025	345,000	239,075	584,075
2026	345,000	228,725	573,725
2027	340,000	218,450	558,450
2028	340,000	207,825	547,825
2029	340,000	196,350	536,350
2030	340,000	184,025	524,025
2031	340,000	170,850	510,850
2032	340,000	157,250	497,250
2033	340,000	143,650	483,650
2034	340,000	130,050	470,050
2035	340,000	116,450	456,450
2036	340,000	102,850	442,850
2037	340,000	89,250	429,250
2038	340,000	75,650	415,650
2039	340,000	62,050	402,050
2040	340,000	48,450	388,450
2041	340,000	34,850	374,850
2042	340,000	21,038	361,038
2043	340,000	7,013	347,013
	\$ 7,850,000	\$ 3,779,301	\$ 11,629,301

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

REFUNDING SERIES - 2019

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$	\$ 98,420	\$ 98,420
2021	40,000	132,600	172,600
2022	45,000	131,325	176,325
2023	240,000	127,050	367,050
2024	240,000	121,050	361,050
2025	250,000	116,150	366,150
2026	255,000	111,100	366,100
2027	260,000	105,950	365,950
2028	270,000	100,313	370,313
2029	280,000	94,126	374,126
2030	285,000	87,413	372,413
2031	295,000	79,425	374,425
2032	300,000	70,500	370,500
2033	310,000	61,350	371,350
2034	320,000	51,900	371,900
2035	330,000	42,150	372,150
2036	335,000	32,175	367,175
2037	350,000	21,900	371,900
2038	355,000	11,325	366,325
2039	200,000	3,000	203,000
2040			
2041			
2042			
2043			
	<u>\$ 4,960,000</u>	<u>\$ 1,599,222</u>	<u>\$ 6,559,222</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2019

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 515,000	\$ 718,309	\$ 1,233,309
2021	915,000	730,199	1,645,199
2022	935,000	700,426	1,635,426
2023	950,000	670,605	1,620,605
2024	955,000	643,686	1,598,686
2025	970,000	618,860	1,588,860
2026	985,000	593,531	1,578,531
2027	995,000	567,465	1,562,465
2028	1,010,000	539,538	1,549,538
2029	1,030,000	509,340	1,539,340
2030	1,045,000	477,008	1,522,008
2031	1,065,000	441,500	1,506,500
2032	1,080,000	403,790	1,483,790
2033	1,100,000	365,350	1,465,350
2034	1,120,000	326,100	1,446,100
2035	1,140,000	285,650	1,425,650
2036	1,160,000	243,950	1,403,950
2037	1,185,000	201,288	1,386,288
2038	1,210,000	157,563	1,367,563
2039	1,065,000	115,325	1,180,325
2040	690,000	82,025	772,025
2041	695,000	55,450	750,450
2042	540,000	31,538	571,538
2043	540,000	10,513	550,513
	<u>\$ 22,895,000</u>	<u>\$ 9,489,009</u>	<u>\$ 32,384,009</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2019

Description	Original Bonds Issued	Bonds Outstanding August 1, 2018
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Bonds - Series 2012	\$ 2,350,000	\$ 2,120,000
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Bonds - Series 2013	3,500,000	3,235,000
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Bonds - Series 2014	2,500,000	2,500,000
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Bonds - Series 2015	2,500,000	2,365,000
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Levee Improvement Bonds - Series 2017	5,000,000	5,000,000
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Levee Improvement Bonds - Series 2018	7,850,000	
Fort Bend County Levee Improvement District No. 6 Unlimited Tax Levee Improvement Refunding Bonds - Series 2019	<u>4,960,000</u>	
TOTAL	<u>\$ 28,660,000</u>	<u>\$ 15,220,000</u>

Bond Authority:	<u>Unlimited Tax and Refunding Bonds*</u>
Amount Authorized by Voters	\$ 156,900,000
Amount Issued	<u>23,995,000</u>
Remaining to be Issued	<u><u>\$ 132,905,000</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of July 31, 2019: \$ 1,623,094

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,349,334

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

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

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding July 31, 2019	Paying Agent
	Principal	Interest		
\$	\$ 1,905,000	\$ 79,594	\$ 215,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	2,920,000	145,412	315,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	96,338	2,430,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	65,000	82,995	2,300,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	175,000	151,625	4,825,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
7,850,000		50,782	7,850,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>4,960,000</u>			<u>4,960,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 12,810,000</u>	<u>\$ 5,135,000</u>	<u>\$ 606,746</u>	<u>\$ 22,895,000</u>	

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 554,184	\$ 490,420	\$ 471,828
Investment Revenues	2,090	1,457	678
Miscellaneous Revenues	<u> </u>	<u>23,134</u>	<u> </u>
TOTAL REVENUES	<u>\$ 556,274</u>	<u>\$ 515,011</u>	<u>\$ 472,506</u>
EXPENDITURES			
Professional Fees	\$ 270,569	\$ 174,817	\$ 94,863
Contracted Services	30,583	32,143	37,608
Repairs and Maintenance	115,380	104,025	75,539
Other	24,735	15,886	17,135
Capital Outlay		37,500	
Bond Issuance Costs	<u> </u>	<u> </u>	<u>58,480</u>
TOTAL EXPENDITURES	<u>\$ 441,267</u>	<u>\$ 364,371</u>	<u>\$ 283,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 115,007</u>	<u>\$ 150,640</u>	<u>\$ 188,881</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ 52,243</u>	<u>\$ 53,925</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 167,250	\$ 204,565	\$ 188,881
BEGINNING FUND BALANCE	<u>688,100</u>	<u>483,535</u>	<u>294,654</u>
ENDING FUND BALANCE	<u>\$ 855,350</u>	<u>\$ 688,100</u>	<u>\$ 483,535</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
<u>2016</u>	<u>2015</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 361,955	\$ 320,847	99.6 %	95.2 %	99.9 %	99.9 %	100.0 %
282	137	0.4	0.3	0.1	0.1	
			4.5			
<u>\$ 362,237</u>	<u>\$ 320,984</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 116,809	\$ 55,803	48.6 %	33.8 %	20.0 %	32.2 %	17.4 %
33,889	31,890	5.5	6.2	8.0	9.4	9.9
66,511	56,102	20.7	20.2	16.0	18.4	17.5
13,413	22,036	4.4	3.1	3.6	3.7	6.9
			7.3			
				12.4		
<u>\$ 230,622</u>	<u>\$ 165,831</u>	<u>79.2 %</u>	<u>70.6 %</u>	<u>60.0 %</u>	<u>63.7 %</u>	<u>51.7 %</u>
<u>\$ 131,615</u>	<u>\$ 155,153</u>	<u>20.8 %</u>	<u>29.4 %</u>	<u>40.0 %</u>	<u>36.3 %</u>	<u>48.3 %</u>
\$ -0-	\$ -0-					
\$ 131,615	\$ 155,153					
163,039	7,886					
<u>\$ 294,654</u>	<u>\$ 163,039</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 1,343,810	\$ 951,467	\$ 761,258
Penalty and Interest	11,681	8,007	6,147
Investment Revenues	9,892	4,715	1,084
Miscellaneous Revenues	<u> </u>	<u> </u>	<u>470</u>
TOTAL REVENUES	<u>\$ 1,365,383</u>	<u>\$ 964,189</u>	<u>\$ 768,959</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 61,371	\$ 40,311	\$ 38,111
Debt Service Principal	470,000	210,000	225,000
Debt Service Interest and Fees	610,746	455,494	418,141
Bond Issuance Costs	216,693		
Payment to Refunded Bond Escrow Agent	<u>76,000</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 1,434,810</u>	<u>\$ 705,805</u>	<u>\$ 681,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (69,427)</u>	<u>\$ 258,384</u>	<u>\$ 87,707</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ 285,650	\$ 155,125	\$
Refunding Bonds	4,960,000		
Payment to Refunded Bond Escrow Agent	(4,669,321)		
Bond Discount	<u>(68,858)</u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 507,471</u>	<u>\$ 155,125</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 438,044	\$ 413,509	\$ 87,707
BEGINNING FUND BALANCE	<u>1,182,204</u>	<u>768,695</u>	<u>680,988</u>
ENDING FUND BALANCE	<u>\$ 1,620,248</u>	<u>\$ 1,182,204</u>	<u>\$ 768,695</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
\$ 558,850	\$ 335,549	98.4 %	98.7 %	99.0 %	99.4 %	99.8 %
2,306		0.9	0.8	0.8	0.4	
810	666	0.7	0.5	0.1	0.1	0.2
652				0.1	0.1	
<u>\$ 562,618</u>	<u>\$ 336,215</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 21,731	\$ 16,762	4.4 %	4.1 %	4.9 %	3.9 %	5.0 %
140,000	55,000	34.4	21.8	29.3	24.9	16.4
359,049	305,819	44.7	47.2	54.4	63.8	91.0
		15.9				
		5.6				
<u>\$ 520,780</u>	<u>\$ 377,581</u>	<u>105.0 %</u>	<u>73.1 %</u>	<u>88.6 %</u>	<u>92.6 %</u>	<u>112.4 %</u>
\$ 41,838	\$ (41,366)	<u>(5.0) %</u>	<u>26.9 %</u>	<u>11.4 %</u>	<u>7.4 %</u>	<u>(12.4) %</u>
\$ 85,572	\$					
<u>\$ 85,572</u>	<u>\$ -0-</u>					
\$ 127,410	\$ (41,366)					
<u>553,578</u>	<u>594,944</u>					
<u>\$ 680,988</u>	<u>\$ 553,578</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 6
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2019

District Mailing Address - Fort Bend County Levee Improvement District No. 6
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>July 31, 2019</u>	Expense Reimbursements for the year ended <u>July 31, 2019</u>	<u>Title</u>
Gary Pochyla	06/19 06/23 (Appointed)	\$ 900	\$ -0-	President
Kent P. Savage	06/19 06/23 (Appointed)	\$ 1,050	\$ -0-	Vice President
Linda Anne Jacks	06/19 06/23 (Appointed)	\$ 1,050	\$ 105	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: December 20, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). 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 LEVEE IMPROVEMENT DISTRICT NO. 6
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2019

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2019</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	06/28/07	\$ 98,046 \$ 247,137	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	03/28/16	\$ 9,250 \$ 12,800	Auditor Bond Related
Myrtle Cruz, Inc.	02/25/13	\$ 18,974	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/01/12	\$ 3,063	Delinquent Tax Attorney
Costello, Inc.	07/10/07	\$ 127,026 \$ 101,683	Engineer Bond Related
Mary Jarmon	02/25/13	\$ -0-	Investment Officer
Masterson Advisors LLC	04/30/18	\$ 187,443	Financial Advisor
Levee Management Services, LLC	02/25/13	\$ 49,466	Operator
Assessments of the Southwest, Inc.	08/01/07	\$ 36,505	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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