OFFICIAL STATEMENT DATED NOVEMBER 12, 2020

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

The Bonds were not designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

Moody's Investors Service, Inc. (Underlying)..........."Baa3"
Moody's Investors Service, Inc. (AGM Insured)........... "A2"
S&P Global Ratings (AGM Insured)................................. "AA"

$3,000,000
UNLIMITED TAX ROAD BONDS
SERIES 2020

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 55
(A Political Subdivision of the State of Texas, located within Brazoria County)

Dated: December 1, 2020 **Due: September 1, as shown on inside cover**

The $3,000,000 Brazoria County Municipal Utility District No. 55 Unlimited Tax Road Bonds, Series 2020 (the "Bonds") are obligations of Brazoria County Municipal Utility District No. 55 (the "District") and are not obligations of the State of Texas; Brazoria County, Texas; the City of Iowa Colony, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Brazoria County, Texas; the City of Iowa Colony, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from December 1, 2020, and is payable March 1, 2021, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

The Bonds are the fifth series of bonds issued by the District out of an aggregate $38,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $110,360,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds. Following issuance of the Bonds, $21,895,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $89,610,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source of Payment." Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP**.

ASSURED GUARANTY MUNICIPAL

The Bonds are offered when, as and if issued by the District and accepted by the winning bidder for the Bonds (the "Underwriter"), and subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about December 10, 2020.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

$3,000,000 Unlimited Tax Road Bonds, Series 2020

$775,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 10608M (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 10608M (b)
2022	$ 85,000	4.500%	0.700%	JD9	2026 (c)	$ 100,000	4.500%	1.100%	JH0
2023	90,000	4.500%	0.800%	JE7	2027 (c)	100,000	2.000%	1.300%	JJ6
2024	95,000	4.500%	0.900%	JF4	2028 (c)	105,000	2.000%	1.450%	JK3
2025	95,000	4.500%	1.000%	JG2	2029 (c)	105,000	2.000%	1.600%	JL1

(Interest to accrue from December 1, 2020)

$2,225,000 Term Bonds

$225,000 Term Bonds Due September 1, 2031 (c) (d), Interest Rate: 2.000% (Price: $100.000) (a), CUSIP No. 10608M JN7 (b)

$235,000 Term Bonds Due September 1, 2033 (c) (d), Interest Rate: 2.000% (Price: $98.336) (a), CUSIP No. 10608M JQ0 (b)

$255,000 Term Bonds Due September 1, 2035 (c) (d), Interest Rate: 2.000% (Price: $96.879) (a), CUSIP No. 10608M JS6 (b)

$265,000 Term Bonds Due September 1, 2037 (c) (d), Interest Rate: 2.125% (Price: $96.901) (a), CUSIP No. 10608M JU1 (b)

$285,000 Term Bonds Due September 1, 2039 (c) (d), Interest Rate: 2.250% (Price: $97.009) (a), CUSIP No. 10608M JW7 (b)

$960,000 Term Bonds Due September 1, 2045 (c) (d), Interest Rate: 2.375% (Price: $97.703) (a), CUSIP No. 10608M KC9 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from December 1, 2020, to the date of delivery is to be added to the price.

(b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2026, and thereafter, shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Underwriter may designate one or more maturities as term bonds. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

(d) Subject to mandatory redemption by lot or customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

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[*Remainder of page intentionally left blank.*]

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds, bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.155692% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.519993% calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

Capitalization of AGM

At September 30, 2020:

- The policyholders' surplus of AGM was approximately $2,671 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,042 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,111 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020);

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

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

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

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

Miscellaneous Matters

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

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. A security rating is not a recommendation to buy, sell or hold securities. Furthermore, there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of "A2" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. Furthermore, there is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the insured rating of S&P, the insured rating of Moody's, or the underlying rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Brazoria County Municipal Utility District No. 55 (the "District"), a political subdivision of the State of Texas, is located in Brazoria County, Texas. See "THE DISTRICT."
The Bonds	The $3,000,000 Brazoria County Municipal Utility District No. 55 Unlimited Tax Road Bonds, Series 2020 (the "Bonds") are dated December 1, 2020, and mature on September 1 in the years and in the principal amounts as shown on the inside cover page. Interest on the Bonds accrues from December 1, 2020, at the rates set forth on the inside cover page and is payable March 1, 2021, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds that mature on or after September 1, 2026, are subject to redemption, in whole or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The Bonds maturing on September 1, 2022, through September 1, 2029 are serial bonds. The Bonds maturing on September 1 in the year 2031, 2033, 2035, 2037, 2039 and 2045 are term bonds (the "Term Bonds"), which have certain mandatory redemption provisions set out herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance	The Bonds are the fifth series of bonds issued by the District out of an aggregate $38,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $110,360,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds. Following issuance of the Bonds, $21,895,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $89,610,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $41,170,000 principal amount of

unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to: Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution; a resolution adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Resolution"); and an election held within the boundaries of the District on November 3, 2009.

Source of Payment .... The District is authorized to levy taxes to pay debt service on bonds issued for the Road System and such taxes are unlimited as to rate or amount. The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Brazoria County, Texas; the City of Iowa Colony, Texas; or any entity other than the District. See "THE BONDS – Source of Payment."

Outstanding Bonds .... The District has previously issued four series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds in the aggregate par amount of $13,305,000 and four series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds in the aggregate par amount of $13,770,000. At the day of delivery of the Bonds, $12,850,000 principal amount of the previously issued unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds (the "Outstanding Road Bonds") and $20,275,000 principal amount of the unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds (the "Outstanding Utility Bonds," and together with the Outstanding Road Bonds, the "Outstanding Bonds") remains outstanding. See "THE BONDS – Outstanding Bonds" and "THE BONDS – Authority for Issuance."

Payment Record.. The District has never defaulted on the timely payment of debt service on its bonded indebtedness.

Use of Proceeds of the Bonds .... Proceeds of the Bonds will be used to reimburse the Developer (herein defined) for a portion of the costs of the projects listed under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Proceeds from the Bonds will also be used to reimburse the Developer for costs related to the operation of the District, to pay developer interest and to pay certain other costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Bonds."

Not Qualified Tax-Exempt Obligations.................. The District did not designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Municipal Bond Insurance.. Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

Rating .... S&P (AGM Insured): "AA." Moody's (AGM Insured): "A2." Moody's (Underlying): "Baa3." See "RATINGS" above.

Bond Counsel .... Allen Boone Humphries Robinson LLP, Houston, Texas.

Disclosure Counsel... Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial Advisor.. Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, located approximately 22 miles south of the central business district of the City of Houston, Texas. The District lies entirely within the corporate limits of the City of Iowa Colony, Texas. The District is a municipal utility district created by an order of the TCEQ effective August 16, 2007. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. The District consists of 1,152.8193 acres. See "THE DISTRICT."
Development within the District	To date, approximately 379.50 acres (1,344 lots) within the District have been developed into the single-family subdivisions Meridiana, Phase 1, Sections 1–7, 38, 59, 60, 64, 65, 66, 69, 70, 71, 73, 74, 75, 80A, 80B and 81A. In addition, 12.40 acres have been developed as Meridiana Elementary School. As of October 27, 2020, there were 918 completed homes, 95 homes under construction and 331 vacant developed lots. Of the 1,013 homes completed and under construction as of October 27, 2020, 993 homes were sold to homeowners within the District. The remaining land within the District consists of approximately 270.16 undeveloped but developable acres and approximately 422.19 undevelopable acres consisting of easements, rights of way and greenbelts. See "PRINCIPAL LANDOWNERS/DEVELOPER," "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."
Developer	Land within the District is being developed by Rise Communities, LLC (the "Developer"). See "PRINCIPAL LANDOWNERS/DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."
Homebuilders Within the District	Homebuilders who are active in the District include David Weekley Homes, Highland Homes, Perry Homes, Plantation Homes, Lennar Homes, Shea Homes, Taylor Morrison, and Trendmaker Homes. Prices of new homes being constructed in the District range from the $200,000s – $600,000s. See "PRINCIPAL LANDOWNERS/DEVELOPER – Homebuilders Within the District."
Hurricane Harvey	The greater area of the City of Houston, Texas, sustained widespread damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The District is located approximately 30 miles from the Texas Gulf Coast. According to the District's engineer, the District did not experience any street flooding and no homes within the District had water damage from flooding.

INFECTIOUS DISEASE OUTBREAK – COVID–19

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

orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation, which among other things, imposed limitations on social gatherings of more than 10 people, ordered closure of in-person classroom attendance at school districts through the remainder of the 2019-2020 school year and maintained certain mandates regarding the minimization of in-person contact with people who are not in the same household. On April 17, 2020 the Governor issued Executive Order GA-16 generally continuing the same social-distancing restrictions and other obligations for Texans according to federal guidelines, but also provided the first steps to re-open businesses in Texas beginning on May 1, 2020. On May 6, 2020, the Governor subsequently expanded the types of business that could reopen and provided for a staged reopening of those businesses starting May 8, 2020 and May 18, 2020. On May 18, 2020, the Governor provided a plan for the further reopening of businesses through the month of May, and reopened school campuses for in-person classroom instructions beginning November 1, 2020. In addition to the actions by the state and federal officials, certain local officials have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which negatively affects the operation of businesses and the state and national economies.

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

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

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

INVESTMENT CONSIDERATIONS

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

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2020 Assessed Taxable Valuation	$	256,635,058	(a)
Estimated Taxable Valuation as of November 1, 2020	$	336,797,440	(b)
Direct Debt:			
The Outstanding Bonds (at delivery of the Bonds)	$	33,125,000	
The Bonds		3,000,000	
Total	$	36,125,000	
Estimated Overlapping Debt	$	25,059,236	(c)
Total Direct and Estimated Overlapping Debt	$	61,184,236	(c)
Direct Debt Ratios:			
As a percentage of the 2020 Assessed Taxable Valuation		14.08	%
As a percentage of the Estimated Taxable Valuation as of November 1, 2020		10.73	%
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2020 Assessed Taxable Valuation		23.84	%
As a percentage of the Estimated Taxable Valuation as of November 1, 2020		18.17	%
Utility System Debt Service Fund Balance (as of September 10, 2020)	$	448,203	(d)
Road System Debt Service Fund Balance (as of September 10, 2020)	$	252,845	(e)
Utility System Capital Projects Fund (as of September 10, 2020)	$	795,508	
Road System Capital Projects Fund (as of September 10, 2020)	$	9,987	
General Fund Balance (as of September 10, 2020)	$	874,497	

(a) As of January 1, 2020, all property located in the District is valued on the appraisal rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Review Board (herein defined). This amount includes $22,544,254, which represents 80% of the amount under review by the Appraisal Review Board. See "TAXING PROCEDURES."

(b) As of November 1, 2020, provided by the Appraisal District for information purposes only. Represents new construction within the District as of November 1, 2020. This estimate is based upon the same unit value used in the assessed taxable valuation. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (defined herein). Funds in the Road System Debt Service Fund are not available to pay debt service on the Outstanding Utility Bonds.

(e) In addition, upon closing and delivery of the Bonds, accrued interest on the Bonds from December 1, 2020. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund (defined herein). Funds in the Utility System Debt Service Fund are not available to pay debt service on the Outstanding Road Bonds or the Bonds.

[*Remainder of page intentionally left blank.*]

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2020 Tax Rate per $100 of Assessed Taxable Valuation			
Utility System Debt Service	$	0.400	
Road System Debt Service		0.360	(a)
Maintenance		0.125	
Total	$	0.885	
Average Annual Debt Service Requirement (2021–2045)	$	2,089,457	(b)
Maximum Annual Debt Service Requirement (2041)	$	2,207,975	(b)
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Average Annual Debt Service Requirement (2021–2045) at 95% Tax Collections:			
Based on the 2020 Assessed Taxable Valuation	$	0.86	
Based on the Estimated Taxable Valuation as of November 1, 2020	$	0.66	
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay the Maximum Annual Debt Service Requirement (2041) at 95% Tax Collections:			
Based on the 2020 Assessed Taxable Valuation	$	0.91	
Based on the Estimated Taxable Valuation as of November 1, 2020	$	0.70	
Single-Family Homes (including 95 under construction) as of October 27, 2020		1,013	(c)

(a) The District is authorized to levy a tax to pay the debt service on the Bonds. Such tax is unlimited as to rate or amount.

(b) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Schedule."

(c) Of the 1,013 homes completed and under construction as of October 27, 2020, 993 homes were sold to homeowners within the District.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 55

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

$3,000,000
UNLIMITED TAX ROAD BONDS
SERIES 2020

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Brazoria County Municipal Utility District No. 55 (the "District") of its $3,000,000 Unlimited Tax Road Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to: Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution; a resolution adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Resolution"); and an election held within the boundaries of the District on November 3, 2009.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

There follow in this Official Statement descriptions of the Bonds, the Developer (herein defined), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated December 1, 2020, with interest payable March 1, 2021, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

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

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

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

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

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

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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Underwriter.

The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

Bonds maturing on September 1, 2026, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption

Mandatory Redemption

The Bonds maturing on September 1 in the years 2031, 2033, 2035, 2037, 2039 and 2045 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

$225,000 Term Bonds Maturing on September 1, 2031

Mandatory Redemption Date	Principal Amount
September 1, 2030	$110,000
September 1, 2031 (Maturity)	$115,000

$235,000 Term Bonds Maturing on September 1, 2033

Mandatory Redemption Date	Principal Amount
September 1, 2032	$115,000
September 1, 2033 (Maturity)	$120,000

$255,000 Term Bonds Maturing on September 1, 2035

Mandatory Redemption Date	Principal Amount
September 1, 2034	$125,000
September 1, 2035 (Maturity)	$130,000

$265,000 Term Bonds Maturing on September 1, 2037

Mandatory Redemption Date	Principal Amount
September 1, 2036	$130,000
September 1, 2037 (Maturity)	$135,000

$285,000 Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$140,000
September 1, 2039 (Maturity)	$145,000

$960,000 Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2040	$150,000
September 1, 2041	$155,000
September 1, 2042	$160,000
September 1, 2043	$160,000
September 1, 2044	$165,000
September 1, 2045 (Maturity)	$170,000

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Road System Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement

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 any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "THE BONDS – Book-Entry-Only System." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. 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.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are the fifth series of bonds issued by the District out of an aggregate $38,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $110,360,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. The voters of the District have authorized the issuance of $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds.

Following issuance of the Bonds, $21,895,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $89,610,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to: Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, applicable to municipal utility districts created under Section 52, Article III, Texas Constitution; the Bond Resolution; and an election held within the boundaries of the District on November 3, 2009.

Outstanding Bonds

The District has previously issued four series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds in the aggregate par amount of $13,305,000 and four series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds in the aggregate par amount of $13,770,000. At the day of delivery of the Bonds, $12,850,000 principal amount of the previously issued unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds (the "Outstanding Road Bonds") and $20,275,000 principal amount of the unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds (the "Outstanding Utility Bonds," and together with the Outstanding Road Bonds, the "Outstanding Bonds") remains outstanding.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $38,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds and $110,360,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds. The District's voters have also authorized $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. The District could authorize additional amounts of each. The Bonds are the fifth series of bonds issued by the District for the purpose of acquiring or constructing the Road System and for the refunding of such bonds. Following issuance of the Bonds, $21,895,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding of such bonds, $89,610,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $41,170,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ).

At the end of fiscal year 2021, the District will owe the Developer approximately $44,663,952 for expenditures relating to the acquisition or construction of the Road System, the Utility System and parks and recreational facilities serving the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board has adopted neither a fire plan nor called an election for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on November 3, 2009, the District's voters authorized $41,170,000 in unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance.

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District.

In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Brazoria County Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund (herein defined) and used solely to pay principal of and interest on the Outstanding Road Bonds, the Bonds, any additional bonds payable from taxes which may be issued for the Road System or for the acquisition or construction of parks and recreational facilities to serve the District, and fees of the Paying Agent/Registrar. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas (the "State'); Brazoria County (the "County"); the City of Houston (the "City"); or any entity other than the District.

Funds

The Bond Resolution confirms the District's fund for debt service on the Outstanding Road Bonds, the Bonds and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). Upon closing, accrued interest on the Bonds from December 1, 2020, will be deposited from the proceeds from sale of the Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

No Arbitrage

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

Registered Owners' Remedies

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

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

Use and Distribution of Proceeds of the Bonds

Proceeds from the Bonds will also be used to reimburse the Developer for costs related to the operation of the District, to pay developer interest and to pay certain other costs of issuance associated with the Bonds, as shown below. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

	District's Share
CONSTRUCTION COSTS	
A. Developer Contribution Items	
1. Bridges Over Detention Basin to serve Meridiana (Iowa Colony Bridge)	
a. Iowa Colony Boulevard Bridges	$ 65,825
b. Storm Water Pollution Prevention Plan	180
c. Construction Staking	300
d. Post Topographic Verification, As-Builts	270
e. Construction Permits	600
Sub-Total	**$ 67,175**
2. Bridges Over West Fork Chocolate Bayou to serve Meridiana Parkway, Phase 2	
a. Meridiana Parkway Bridges	$ 1,945,554
b. Storm Water Pollution Prevention Plan	3,400
c. Construction Staking	6,800
d. Post Topographic Verification, As-Builts	2,380
e. Construction Permits	15,640
Sub-Total	**$ 1,973,774**
3. Engineering and Geotechnical	
a. Bridges Over West Fork Chocolate Bayou	**$ 444,662**
4. Storm Water Compliance	
a. Bridges Over West Fork Chocolate Bayou	**$ 27,225**
TOTAL DEVELOPER CONSTRUCTION COSTS	**$ 2,512,836**
LESS SURPLUS FUNDS APPLIED	**$ (9,987)**
NET CONSTRUCTION COSTS	**$ 2,502,849**
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 90,000
B. Fiscal Agent Fees	60,000
C. Engineering Bond Fees	47,000
D. Developer Interest	174,833
E. Bond Discount	85,329
F. Bond Issuance Expenses	32,318
G. Attorney General Fee (0.10%)	3,000
H. Contingency (a)	4,671
TOTAL NON-CONSTRUCTION COSTS	**$ 497,151**
TOTAL BOND ISSUE REQUIREMENT	**$ 3,000,000**

(a) Represents the sum of the difference between estimated and actual amounts of the discount on the Bonds.

The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated August 16, 2007, and by a confirmation election held within the District on November 6, 2007, and operates pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, and Chapters 49 and 54, Texas Water Code, as amended.

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

The District also is authorized to acquire, construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

At the time of the confirmation election, the District encompassed 571.56 acres. The District has since annexed 581.264 acres, and thus the total acreage of the District is now 1,152.8193 acres. The District is located wholly within the County, approximately 22 miles south of the Central Business District of the City of Houston, Texas. The District lies approximately 3.5 miles southwest of the intersection of State Highway 6 and Highway 288. The District is located within the corporate city limits of the City of Iowa Colony.

Management of the District

The District is governed by its Board, consisting of five directors who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve staggered, four-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Houston Hamilton	President	2024
Kristina Jones	Vice President	2022
Roy Bergman	Secretary	2022
Melissa Lacy	Assistant Secretary	2024
Cathy Verret	Assistant Vice President	2022

Investment Policy

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

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest, Inc.

Bookkeeper: The District's bookkeeper is Myrtle Cruz, Inc.

Utility System Operator: The District's water and sewer system is operated by SI Environmental LLC.

Auditor: The District engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended March 31, 2020. McGrath & Co., PLLC was not requested to perform any updating procedures subsequent to the date of its audit opinion on the March 31, 2020, financial statements.

Engineer: The District's engineer is Edminster, Hinshaw, Russ and Associates, Inc. (the "Engineer"). Such firm acts as engineer for many residential and commercial developments in Texas.

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as disclosure counsel ("Disclosure Counsel") to the District in connection with the issuance of the Bonds. The fees to be paid Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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

SHARED FINANCING AGREEMENT

On February 15, 2011, the District entered into a Shared Financing Agreement (the "Agreement") with the City, Reinvestment Zone Number Two, City of Iowa Colony, Texas (the "TIRZ") and Iowa Colony Development Authority (the "Authority") for the purpose of constructing TIRZ Projects (as defined in the Agreement), which include various public works and improvements.

The Authority and the District agree to assist the City and the TIRZ in the implementation of the TIRZ Projects and in the funding, ownership, operation and maintenance of the TIRZ Projects. The District will act as Project Manager for the TIRZ Projects set out in the Agreement, and will give written notice to the Authority's Board of Directors before initiating the design or construction of a TIRZ Project for approval. Upon completion of TIRZ Project construction, the project shall be conveyed to the responsible party as stated in the Agreement.

For any year in which the City collects or receives tax increment, the City will pay such tax increment to the Authority. For any year the Authority receives payments from the City, the amount of Project Costs to be paid from tax increment by the Authority ("TIRZ Share") to the District is the percentage of the actual project costs set out in the Agreement. The District will begin to receive TIRZ Share payments no later than thirty days prior to the fall principal and interest payment date upon the District's issuance of bonds.

The term of the Agreement will expire on the later of January 1 in the year following completion of the TIRZ Plan (as defined in the Agreement) or the date that the Developer has been repaid in full for all eligible project costs.

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DEVELOPMENT OF THE DISTRICT

To date, approximately 379.50 acres (1,344 lots) within the District have been developed into the single-family subdivisions Meridiana, Phase 1, Sections 1–7, 38, 59, 60, 64, 65, 66, 69, 70, 71, 73, 74, 75, 80A, 80B and 81A. In addition, 12.40 acres have been developed as Meridiana Elementary School.

As of October 27, 2020, there were 918 completed homes, 95 homes under construction and 331 vacant developed lots. Of the 1,013 homes completed and under construction as of October 27, 2020, 993 homes were sold to homeowners within the District. The remaining land within the District consists of approximately 270.16 undeveloped but developable acres and approximately 422.19 undevelopable acres consisting of easements, rights of way and greenbelts.

Status of Development within the District

The following is a status of construction of single-family housing within the District as of October 27, 2020:

Meridiana, Phase 1	Section Acreage	Platted Lots	Completed Homes	Homes Under Construction	Developed Vacant Lots
Section 1	21.84	66	64	2	0
Section 2	15.31	32	32	0	0
Section 3	19.90	79	37	8	34
Section 4	26.90	97	97	0	0
Section 5	18.65	44	43	0	1
Section 6	21.06	89	89	0	0
Section 7	23.78	84	84	0	0
Section 38	14.60	45	19	17	9
Section 59	26.90	102	45	17	40
Section 60	30.37	93	0	0	93
Section 64	13.30	42	42	0	0
Section 65	17.62	33	31	2	0
Section 66	20.97	58	27	11	20
Section 69	12.68	48	48	0	0
Section 70	22.44	59	54	3	2
Section 71	15.44	52	42	1	9
Section 73	8.20	50	16	5	29
Section 74	8.23	53	37	4	12
Section 75	7.62	41	40	0	1
Section 80A	23.53	77	51	8	18
Section 80B	6.66	30	18	9	3
Section 81A	3.50	70	2	8	60
Totals	379.50	1,344	918	95	331

Single-Family Developed:	379.50
School Acreage:	12.40
Stadium Acreage:	98.94
Undevelopable Acres:	422.19
Remaining Developable Acres:	239.79
Service Area Total:	1,152.8193

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PRINCIPAL LANDOWNERS/DEVELOPER

Role of the Developer

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

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or 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. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developer or its affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Principal Landowner/Developer

GR-M1 LTD was formed for the purpose of acquiring and holding for investment and sale tracts of land, including the land in the District. The Developer has determined the overall development plan for such land in the District and arranged for the construction of water, sanitary sewer and road facilities within the District. GR-M1 LTD plans to use equity contributions to fund the development of Meridiana.

Rise Communities LLC is a developer and manager of master-planned, large-scale communities. In addition to developing Meridiana, Rise Communities LLC is also developing Cane Island, an 1,100-acre master-planned community located in the City of Katy, Texas.

Homebuilders within the District

Homebuilders who are active in the District include David Weekley Homes, Highland Homes, Perry Homes, Plantation Homes, Lennar Homes, Shea Homes, Taylor Morrison, and Trendmaker Homes. Prices of new homes being constructed in the District range from the $200,000s–$600,000s.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and the County. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water, Sanitary Sewer and Drainage System

Water Supply: The District owns one water plant. Phase One of the Water Plant consists of a 1,600 gallon-per minute ("gpm") well, 30,000 gallons of hydropneumatic tank capacity, a 269,000 gallon ground storage tank and 2,900 gpm of booster pump capacity. According to EHRA., the District's engineer (the "Engineer"), phase one of the water plant is capable of serving 1,300 equivalent single family connections ("esfc") in the District.

The Ultimate Phase of the Water Plant consists of the addition of a 269,000 gallon ground storage tank and 1,750 gpm of booster pump capacity. According to the Engineer, the ultimate phase of the water plant is capable of serving 2,600 equivalent single family connections ("esfc") in the District.

Wastewater Treatment: The District owns and operates a 320,000 gallon-per day ("gpd") wastewater treatment facility. According to the Engineer, phase one and two of the facility is adequate to serve 1,163 esfc.

The District plans to ultimately expand the plant to a 960,000 gallon-per day ("gpd") wastewater treatment facility. According to the Engineer, the ultimate phase of the facility will be adequate to serve 3,200 esfc.

100 Year Flood Plain

According to the FEMA Map Panel No. 48039 C0110H and FEMA Map Panel No. 48039 C0120H dated June 5, 1989, approximately 300 acres within the District are located in the 100-year flood plain and are not considered to be developable. Approximately 150 acres of flood plain will be filled in connection with future development, and a letter of map revision will be filed to remove it from the flood plain.

THE ROAD SYSTEM

The road system serves residents of the District by providing access to the major thoroughfares and collectors within the Meridiana development and surrounding area. The major thoroughfares and collectors serving the District include Meridiana Parkway, Discovery Drive and Iowa Colony Boulevard. Discovery Drive and Iowa Colony Boulevard act as collectors by conveying residents of the District to the major thoroughfare of Meridiana Parkway which connects to the State Highway 288 to the west. The District will finance, design and construct the road system in phases as development progresses. The road system will ultimately be owned, operated and maintained by the City as the phases are constructed and accepted by the City. The District does not intend to maintain or operate the roads once they are accepted by the City.

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General Fund Operating Statement

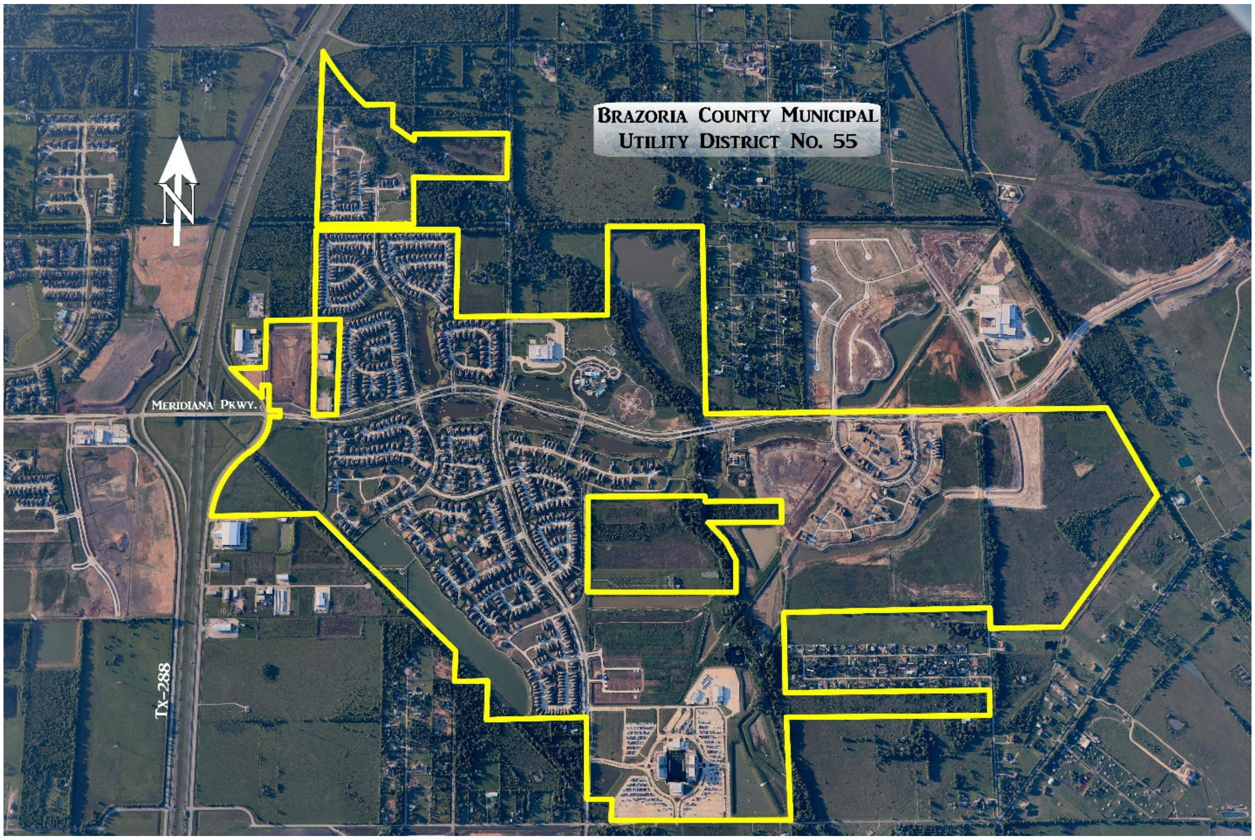
The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements. Reference is made to such statement for further and more complete information. See "APPENDIX A."

	2020	2019	2018	2017	2016
REVENUES					
Water Service	$ 348,012	$ 267,640	$ 139,407	$ 100,347	$ 690
Sewer Service	294,463	203,300	103,788	58,652	657
Property Taxes	165,014	171,802	148,512	183,817	6,763
Penalties and Interest	10,700	7,964	4,638	2,247	16
Groundwater Pumpage Fees	2,494	1,870	1,136	542	0
Tap Connection and Inspection	403,265	387,735	278,910	319,615	43,070
Miscellaneous	28,513	23,142	16,817	2,430	790
Investment Earnings	14,416	12,100	2,230	177	144
TOTAL REVENUES	$ 1,266,877	$ 1,075,553	$ 695,438	$ 667,827	$ 52,130
EXPENDITURES					
Professional Fees	$ 252,786	$ 182,882	$ 183,101	$ 142,210	$ 138,681
Contracted Services	347,449	298,239	210,136	239,709	10,581
Repairs and Maintenance	255,487	166,590	127,114	125,228	11,038
Lease	230,094	0	158,444	132,120	39,936
Utilities	56,478	45,038	43,013	44,055	0
Groundwater Pumpage Fees	2,135	0	710	1,225	97
Administrative	60,496	54,087	48,114	36,807	10,533
Developer Interest	117,968	0	0	0	0
Other	7,773	5,173	7,825	1,716	1,724
Capital outlay	1,280,130	0	0	74,200	217,000
TOTAL EXPENDITURES	$ 2,610,796	$ 752,009	$ 778,457	$ 797,270	$ 429,590
Excess Revenues (Expenditures)	$(1,343,919)	$ 323,544	$ (83,019)	$ (129,443)	$ (377,460)
Developer Advances	$ 0	$ 0	$ 0	$ 0	$ 326,624
Internal Transfers	10,524	97,703	237,816	0	0
Tax Exempt Impact Fee	0	0	1,330,989 (a)	0	0
Capital Contribution	0	0	0	0	353,435
Net Change in Fund Balance	$(1,333,395)	$ 421,247	$ 1,485,786	$ (129,443)	$ 302,599
Balance, Beg of Year	$ 2,038,450	$ 1,617,203	$ 131,417	$ 260,860	$ (41,739)
Balance, End of Year	$ 705,055	$ 2,038,450	$ 1,617,203	$ 131,417	$ 260,860

(a) Tax exempt impact fees received from Alvin Independent School District based on its pro rata share of existing District facilities intended to serve Alvin Independent School District's stadium site and bus barn.

AERIAL PHOTOGRAPH OF THE DISTRICT

(June 2020)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2020)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2020)

DISTRICT DEBT

Debt Service Requirement Schedule

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

Calendar Year	Outstanding Debt Service (a)	Plus: The Bonds Principal	Interest	Debt Service	Total Debt Service
2021	$ 1,818,335	–	$ 57,202	$ 57,202	$ 1,875,536
2022	1,975,770	$ 85,000	76,269	161,269	2,137,039
2023	1,973,308	90,000	72,444	162,444	2,135,751
2024	1,974,185	95,000	68,394	163,394	2,137,579
2025	1,969,670	95,000	64,119	159,119	2,128,789
2026	1,965,110	100,000	59,844	159,844	2,124,954
2027	1,965,560	100,000	55,344	155,344	2,120,904
2028	1,975,541	105,000	53,344	158,344	2,133,885
2029	1,983,664	105,000	51,244	156,244	2,139,908
2030	1,985,020	110,000	49,144	159,144	2,144,164
2031	1,989,645	115,000	46,944	161,944	2,151,589
2032	1,997,163	115,000	44,644	159,644	2,156,806
2033	2,002,556	120,000	42,344	162,344	2,164,900
2034	2,010,725	125,000	39,944	164,944	2,175,669
2035	2,016,300	130,000	37,444	167,444	2,183,744
2036	2,019,831	130,000	34,844	164,844	2,184,675
2037	2,021,113	135,000	32,081	167,081	2,188,194
2038	2,019,831	140,000	29,213	169,213	2,189,044
2039	2,025,738	145,000	26,063	171,063	2,196,800
2040	2,034,300	150,000	22,800	172,800	2,207,100
2041	2,033,738	155,000	19,238	174,238	2,207,975
2042	1,880,850	160,000	15,556	175,556	2,056,406
2043	1,667,631	160,000	11,756	171,756	1,839,388
2044	1,450,350	165,000	7,956	172,956	1,623,306
2045	1,458,275	170,000	4,038	174,038	1,632,313
Total (b)	$ 48,214,207	$ 3,000,000	$ 1,022,208	$ 4,022,208	$ 52,236,415

(a) Outstanding debt as of day of delivery of the Bonds.
(b) Totals may not sum due to rounding.

Average Annual Debt Service Requirement (2021–2045) .... $ 2,089,457

Maximum Annual Debt Service Requirement (2041) .... $ 2,207,975

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Bonded Indebtedness

2020 Assessed Taxable Valuation	$	256,635,058	(a)
Estimated Taxable Valuation as of November 1, 2020	$	336,797,440	(b)
Direct Debt:			
The Outstanding Bonds (at delivery of the Bonds)	$	33,125,000	
The Bonds		3,000,000	
Total	$	36,125,000	
Estimated Overlapping Debt	$	25,059,236	(c)
Total Direct and Estimated Overlapping Debt	$	61,184,236	(c)
Direct Debt Ratios:			
As a percentage of the 2020 Assessed Taxable Valuation		14.08	%
As a percentage of the Estimated Taxable Valuation as of November 1, 2020		10.73	%
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2020 Assessed Taxable Valuation		23.84	%
As a percentage of the Estimated Taxable Valuation as of November 1, 2020		18.17	%
Utility System Debt Service Fund Balance (as of September 10, 2020)	$	448,203	(d)
Road System Debt Service Fund Balance (as of September 10, 2020)	$	252,845	(e)
Utility System Capital Projects Fund (as of September 10, 2020)	$	795,508	
Road System Capital Projects Fund (as of September 10, 2020)	$	9,987	
General Fund Balance (as of September 10, 2020)	$	874,497	

(a) As of January 1, 2020, all property located in the District is valued on the appraisal rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Review Board (herein defined). This amount includes $22,544,254, which represents 80% of the amount under review by the Appraisal Review Board. See "TAXING PROCEDURES."

(b) As of November 1, 2020, provided by the Appraisal District for information purposes only. Represents new construction within the District as of November 1, 2020. This estimate is based upon the same unit value used in the assessed taxable valuation. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (defined herein). Funds in the Road System Debt Service Fund are not available to pay debt service on the Outstanding Utility Bonds.

(e) In addition, upon closing and delivery of the Bonds, accrued interest on the Bonds from December 1, 2020. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund (defined herein). Funds in the Utility System Debt Service Fund are not available to pay debt service on the Outstanding Road Bonds or the Bonds.

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Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of August 31, 2020	Estimated Overlapping Percent	Estimated Overlapping Amount
Brazoria County	$ 139,678,313	0.74%	$ 1,035,970
Alvin Independent School District	$ 906,860,000	2.59%	23,446,350
Alvin Community College District	$ 28,625,000	2.02%	576,916
Total Estimated Overlapping Debt			$ 25,059,236
The District			$ 36,125,000 (a)
Total Direct & Estimated Overlapping Debt			$ 61,184,236 (a)

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

	Percentage of 2020 Assessed Taxable Valuation	Percentage of Estimate of Value November 1, 2020
Direct Debt (a)	14.08%	10.73%
Total Direct and Estimated Overlapping Debt (a)	23.84%	18.17%

(a) Includes the Bonds and the Outstanding Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

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

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

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

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County, the City and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the 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 Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property 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 Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

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

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

District and Taxpayer Remedies

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

The Property 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 Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than1.08 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 than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

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

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and the Outstanding Bonds (see "TAXING PROCEDURES"). The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). In 2020, the District levied a maintenance tax of $0.125 per $100 of assessed valuation, a water, sewer & drainage debt service tax rate of $0.400 per $100 of assessed valuation and a road debt service tax of $0.360 per $100 of assessed valuation.

Tax Rate Limitation

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

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "Tax Rate Distribution" below.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2020 assessed taxable valuation ($256,635,058) or the estimated taxable valuation as of November 1, 2020 ($336,797,440). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2021–2045)	$ 2,089,457
Debt Service Tax Rate of $0.86 on the 2020 Assessed Taxable Valuation	$ 2,096,708
Debt Service Tax Rate of $0.66 on the Estimated Taxable Valuation as of November 1, 2020	$ 2,111,720
Maximum Annual Debt Service Requirement (2041)	$ 2,207,975
Debt Service Tax Rate of $0.91 on the 2020 Assessed Taxable Valuation	$ 2,218,610
Debt Service Tax Rate of $0.70 on the Estimated Taxable Valuation as of November 1, 2020	$ 2,239,703

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Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2020 taxes per $100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdictions	**2020 Tax Rate Per $100 of A.V.**
The District	$ 0.885000
City of Iowa Colony	0.469200
Brazoria County Drainage District No. 5	0.142736
Brazoria County Emergency Services District No. 3	0.100000
Brazoria County (a)	0.346000
Alvin Community College	0.183400
Port Freeport	0.040100
Alvin Independent School District	1.397700
Total	$ 3.564136

(a) Includes Road & Bridge Fund.

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate Per $100 (a)	Adjusted Levy	% of Collections Current Year	For the Current Year Ended September 30	% of Collections as of 04/30/2020
2014	$ 787,621	$ 1.0000	$ 7,876	100.00%	2015	100.00%
2015	845,389	0.8000	6,763	100.00%	2016	100.00%
2016	19,544,997	0.8500	166,132	100.00%	2017	100.00%
2017	56,346,940	0.8850	498,670	99.11%	2018	99.42%
2018	99,328,272	0.8850	879,055	98.65%	2019	99.45%
2019	171,459,221	0.8850	1,517,414	97.58%	2020	97.58%
2020	234,090,804 (c)	0.8850	2,071,704	(b)	2021	(b)

(a) Tax rate per $100 of taxable value. See "Tax Rate Distribution" below.

(b) In the process of being collected.

(c) This amount excludes $22,544,254, which represents 80% of the amount under review by the Appraisal Review Board.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Utility System Debt Service	$ 0.4000	$ 0.4400	$ 0.3450	$ 0.3100	$ 0.0000
Road System Debt Service	0.3600	0.3500	0.3700	0.3000	0.0000
Maintenance	0.1250	0.0950	0.1700	0.2750	0.8500
	$ 0.8850	$ 0.8850	$ 0.8850	$ 0.8850	$ 0.8500

Assessed Taxable Valuation Summary

The following represents the types of property comprising the District assessed taxable value for each of the 2016–2020 tax years.

Type of Property	2020 Assessed Taxable Valuation (a)	2019 Assessed Taxable Valuation	2018 Assessed Taxable Valuation	2017 Assessed Taxable Valuation	2016 Assessed Taxable Valuation
Land	$ 63,670,257	$ 48,433,722	$ 31,926,328	$ 29,286,030	$ 22,709,406
Improvements	189,824,931	129,475,400	72,184,313	29,284,512	3,030
Personal Property	3,018,160	1,656,620	1,335,010	856,010	17,790
Exemptions	(22,422,544)	(8,106,521)	(6,117,379)	(3,079,612)	(3,185,225)
Total	$234,090,804	$171,459,221	$ 99,328,272	$ 56,346,940	$ 19,545,001

(a) This amount excludes $22,544,254, which represents 80% of the amount under review by the Appraisal Review Board.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2020 tax year.

Taxpayer	Type of Property	Assessed Taxable Valuation 2020 Tax Roll
GR-M1 LTD (a)	Land & Lots	$ 7,086,200
Shea Homes Houston LLC	Lots and Homes	5,135,630
Highland Homes-Houston LLC	Lots and Homes	4,599,020
Perry Homes LLC	Lots and Homes	3,707,090
MHI Partnership LLC	Lots and Homes	3,448,140
Weekley Homes LLC	Lots and Homes	3,219,400
Drees Custom Homes LP	Lots and Homes	2,047,500
Lennar Homes of Texas & Construction LTD	Lots and Homes	1,629,780
Chesmar Homes LLC	Lots and Homes	1,473,200
Homeowner	Lots and Homes	540,300
Total		$ 32,886,260
Percent of Respective Tax Roll		14.05 %

(a) See "PRINCIPAL LANDOWNERS/DEVELOPER."

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outbreak – COVID-19

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United

States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). 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 the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation, which among other things, imposed limitations on social gatherings of more than 10 people, ordered closure of in-person classroom attendance at school districts through the remainder of the 2019-2020 school year and maintained certain mandates regarding the minimization of in-person contact with people who are not in the same household. On April 17, 2020 the Governor issued Executive Order GA-16 generally continuing the same social-distancing restrictions and other obligations for Texans according to federal guidelines, but also provided the first steps to re-open businesses in Texas beginning on May 1, 2020. On May 6, 2020, the Governor subsequently expanded the types of business that could reopen and provided for a staged reopening of those businesses starting May 8, 2020 and May 18, 2020. On May 18, 2020, the Governor provided a plan for the further reopening of businesses through the month of May, and reopened school campuses for in-person classroom instructions beginning November 1, 2020. In addition to the actions by the state and federal officials, certain local officials have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which negatively affects the operation of businesses and the state and national economies.

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

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

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

Effects of Hurricane Harvey

The greater City of Houston, Texas, area sustained widespread damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The District is located in the County, which is located on the Texas Gulf Coast.

None of the structures in the District and none of the District's facilities sustained any significant damage as a result of Hurricane Harvey. The District cannot predict what impact Hurricane Harvey will ultimately have on the assessed value of land and improvements within the District. However, Hurricane Harvey could have a long-term impact on business activity and development in the District and the region.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region.

Certain qualified tax payers, including owners of residential homesteads, located within a 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.

Potential Effects of Oil Price Declines on the Houston Area

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by or legal requirement of the principal landowners/developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNERS/DEVELOPERS" and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's principal taxpayers in 2020 own approximately 14.05% of the District's total 2020 certified assessed valuation of property located within the District. GR-M1 LTD, an entity associated with Rise Communities, LLC (the "Developer"), the District's top taxpayer, owns approximately 3.03% of the District's total 2020 certified assessed valuation of property located within the District. In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the surpluses in the Districts debt service funds, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2020 assessed taxable valuation of property located within the District is $256,635,058 and the estimated taxable valuation as of November 1, 2020, is $336,797,440. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (herein defined) and the Bonds will be $2,207,975 (2041) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,089,457 (2021–2045). Assuming no increase to nor decrease from the 2020 assessed taxable valuation, tax rates of $0.91 and $0.86 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to nor decrease from the estimated taxable valuation as of November 1, 2020, tax rates of $0.70 and $0.66 per $100 of assessed taxable valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2020, the District levied a maintenance tax of $0.125 per $100 of assessed taxable valuation, a water, sewer & drainage debt service tax rate of $0.400 per $100 of assessed taxable valuation and a road debt service tax of $0.360 per $100 of assessed taxable valuation.

Competitive Nature of Residential Housing Market

The housing industry in the City of Houston, Texas, area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

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

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $21,895,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such purposes; $89,610,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or construing water, wastewater and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds; and $41,170,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds, and such additional bonds as may hereafter be approved by the voters of the District. See "THE BONDS – Issuance of Additional Debt." The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution authorized by the voters of the District, which may be issued by the

District from time to time as needed. Issuance of the remaining $89,610,000 of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, as well as the remaining $41,170,000 of unlimited tax bonds for the purpose of acquiring or constructing parks and recreation facilities to serve the District and for the refunding of such bonds, is subject to approval by the TCEQ.

At the end of fiscal year 2021, the District will owe the Developer approximately $44,663,952 for expenditures relating to the acquisition or construction of the Utility System, the Road System and parks and recreational facilities serving the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Tax Legislation

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Specific Flood Type Risks

The District may be subject to the following flood 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.

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions by TECQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The issuance of road bonds does not require TCEQ approval. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their deliver.

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

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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

Neither the District or Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS (except for information under the subheadings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

In the opinion of 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 is 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 purpose, and in addition, will rely on representations by the District and the Underwriter with respect to matters solely within the knowledge of the District 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 or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the 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.

NOT Qualified Tax-Exempt Obligations

The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except for the subheading "– Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2020. The District will provide the updated information to the MSRB.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is March 31. Accordingly, it must provide updated information by the last day in September in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent 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 beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. 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 past five years, the District has complied in all material respects with its continuing disclosure undertakings made in accordance with the Rule.

OFFICIAL STATEMENT

General

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

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT – Description" and "THE UTILITY SYSTEM," and "THE ROAD SYSTEM" has been provided by Edminster, Hinshaw, Russ and Associates, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest, Inc.'s authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 55 as of the date shown on the cover page.

/s/ Houston Hamilton
President, Board of Directors
Brazoria County Municipal Utility District No. 55

ATTEST:

/s/ Roy Bergman
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 55

APPENDIX A

FINANCIAL STATEMENTS OF

THE DISTRICT

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 55

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2020

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McGRATH & CO., PLLC
Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors
Brazoria County Municipal Utility District No. 55
Brazoria County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 55, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Mark W. McGrath, CPA mark@mcgrath-co.com
Colette M. Garcia, CPA colette@mcgrath-co.com
Tayo Ilori, CPA, CFE tayo@mcgrath-co.com
Crystal V. Horn, CPA crystal@mcgrath-co.com

Board of Directors
Brazoria County Municipal Utility District No. 55
Brazoria County, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 55, as of March 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McGrath & Co, PLLC

Houston, Texas
July 9, 2020

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Brazoria County Municipal Utility District No. 55 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 31, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at March 31, 2020, was negative $32,053,590. The District's net position is negative because the District incurs debt to construct road facilities and certain storm drainage facilities which it conveys to the City of Iowa Colony. A comparative summary of the District's overall financial position, as of March 31, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	$ 3,398,262	$ 3,922,522
Capital assets	37,137,655	38,744,464
Total assets	40,535,917	42,666,986
Current liabilities	4,870,989	659,545
Long-term liabilities	67,718,518	62,189,703
Total liabilities	72,589,507	62,849,248
Net position		
Net investment in capital assets	(5,147,288)	(5,272,360)
Restricted	1,493,012	1,087,019
Unrestricted	(28,399,314)	(15,996,921)
Total net position	$ (32,053,590)	$ (20,182,262)

The total net position of the District decreased during the current fiscal year by $11,871,328. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2020	2019
Revenues		
Property taxes, penalties and interest	$ 1,541,130	$ 901,991
Water and sewer service	642,475	470,940
Other	452,724	428,676
Total revenues	2,636,329	1,801,607
Expenses		
Current service operations	1,771,510	978,521
Debt interest and fees	781,784	497,082
Developer interest	1,017,290	674,045
Debt issuance costs	882,368	580,503
Depreciation	657,685	1,079,198
Total expenses	5,110,637	3,809,349
Change in net position before other item	(2,474,308)	(2,007,742)
Other items		
Change in estimate of due to developer	1,160,556	
Transfers to other governments	(10,557,576)	(6,165,902)
Change in net position	(11,871,328)	(8,173,644)
Net position, beginning of year	(20,182,262)	(12,008,618)
Net position, end of year	$ (32,053,590)	$ (20,182,262)

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2020, were $2,991,984, which consists of $705,055 in the General Fund, $1,523,332 in the Debt Service Fund, and $763,597 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of March 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 1,056,812	$ 2,260,839
Total liabilities	$ 345,648	$ 214,071
Total deferred inflows	6,109	8,318
Total fund balance	705,055	2,038,450
Total liabilities, deferred inflows and fund balance	$ 1,056,812	$ 2,260,839

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

	2020	2019
Total revenues	$ 1,266,877	$ 1,075,553
Total expenditures	(2,610,796)	(752,009)
Revenues over/(under) expenditures	(1,343,919)	323,544
Other changes in fund balance	10,524	97,703
Net change in fund balance	$ (1,333,395)	$ 421,247

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Despite the fact that property tax values increased significantly from prior year, property tax revenues decreased because the District decreased the maintenance component of the levy by approximately 44%.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of March 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 1,570,655	$ 1,142,493
Total liabilities	$ 368	$ 1,384
Total deferred inflows	46,955	36,729
Total fund balance	1,523,332	1,104,380
Total liabilities, deferred inflows and fund balance	$ 1,570,655	$ 1,142,493

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

	2020	2019
Total revenues	$ 1,360,328	$ 716,669
Total expenditures	(1,134,948)	(555,629)
Revenues over expenditures	225,380	161,040
Other changes in fund balance	193,572	335,850
Net change in fund balance	$ 418,952	$ 496,890

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of March 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 770,795	$ 519,190
Total liabilities	$ 7,198	$ -
Total fund balance	763,597	519,190
Total liabilities and fund balance	$ 770,795	$ 519,190

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

	2020	2019
Total revenues	$ 1,107	$ 700
Total expenditures	(12,691,104)	(5,908,139)
Revenues under expenditures	(12,689,997)	(5,907,439)
Other changes in fund balance	12,934,404	6,112,367
Net change in fund balance	$ 244,407	$ 204,928

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its $5,195,000 Series 2019 Unlimited Tax Bonds, $4,300,000 Series 2019 Unlimited Tax Road Bonds, $2,507,000 Series 2019 bond anticipation note, and $3,965,500 Series 2020 bond anticipation note in the current year and issuance of its $3,360,000 Series 2018 Unlimited Tax Bonds and $3,250,000 Series 2018 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $1,521,551 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at March 31, 2020 and 2019 are summarized as follows:

	2020	2019
Capital assets not being depreciated		
Land and improvements	$ 9,723,193	$ 7,375,507
Capital assets being depreciated		
Infrastructure	29,311,769	22,084,830
Landscaping improvements		11,693,055
	29,311,769	33,777,885
Less accumulated depreciation		
Infrastructure	(1,897,307)	(1,239,622)
Landscaping improvements		(1,169,306)
	(1,897,307)	(2,408,928)
Depreciable capital assets, net	27,414,462	31,368,957
Capital assets, net	$ 37,137,655	$ 38,744,464

During the current year it was determined that the District was not responsible for reimbursing its developer for certain landscaping improvements previously recorded as capital assets. Capital asset values and the related due to developer were adjusted accordingly.

Capital asset additions during the current year include the following:

- Offsite Meridiana water well
- Wastewater Treatment Plant Expansion
- Detention basins and earthwork – Phases F, G, L, N and O
- Utilities to serve Meridiana – Sections 38, 59, 80, 73, and 81A
- Utilities to serve Meridiana parkway – Phases 2 and 3

The City of Iowa Colony assumes responsibility for all storm sewer systems constructed in public streets and road facilities constructed within the City. Consequently, these projects are not recorded as capital assets on the District's financial statements but are recorded as transfers to other governments upon completion of construction. For the year ended March 31, 2020, capital assets in the amount of $10,557,576 have been completed and recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of March 31, 2020, the District owes $41,636,978 to developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $2,036,645 for projects under construction by the developer. As previously noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At March 31, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2016	$ 2,365,000	$ 2,435,000
2017	5,080,000	5,215,000
2017 Road	3,170,000	3,255,000
2018	3,260,000	3,360,000
2018 Road	3,250,000	3,250,000
2019	5,195,000	
2019 Road	4,300,000	
	$ 26,620,000	$ 17,515,000

During the current year, the District issued $5,195,000 in unlimited tax bonds and $4,300,000 in unlimited tax road bonds. At March 31, 2020, the District had $96,590,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and refunding of such bonds; $41,170,000 for parks and recreational facilities and refunding of such bonds and $24,895,000 for road improvements and for refunding of such bonds.

During the year, the District issued a $2,507,000 bond anticipation note (BAN) and a $3,965,500 BAN to provide short-term financing for developer reimbursements. The District repaid the $2,507,000 BAN during the current year and intends to repay the $3,965,000 BAN with proceeds from the issuance of long-term debt. See note 6 for additional information.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2020 Actual	2021 Budget
Total revenues	$ 1,266,877	$ 1,269,000
Total expenditures	(2,610,796)	(1,052,024)
Revenues over/(under) expenditures	(1,343,919)	216,976
Other changes in fund balance	10,524	
Net change in fund balance	(1,333,395)	216,976
Beginning fund balance	2,038,450	705,055
Ending fund balance	$ 705,055	$ 922,031

Impact of COVID-19

As further discussed in Note 13, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

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Basic Financial Statements

Brazoria County Municipal Utility District No. 55
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 629,012	$ 1,564,386	$ 770,795	$ 2,964,193	$ -	$ 2,964,193
Investments	240,000			240,000		240,000
Taxes receivable	6,109	46,955		53,064		53,064
Customer service receivables	59,917			59,917		59,917
Internal balances	40,686	(40,686)				
Prepaid items	77,472			77,472		77,472
Other receivables	3,616			3,616		3,616
Capital assets not being depreciated					9,723,193	9,723,193
Capital assets, net					27,414,462	27,414,462
Total Assets	$ 1,056,812	$ 1,570,655	$ 770,795	$ 3,398,262	37,137,655	40,535,917
Liabilities						
Accounts payable	$ 95,858	$ -	$ 7,198	$ 103,056		103,056
Other payables	32,704	368		33,072		33,072
Customer deposits	139,675			139,675		139,675
Builder deposits	15,000			15,000		15,000
Unearned revenue	27,515			27,515		27,515
Due to other governments	34,896			34,896		34,896
Accrued interest payable					77,275	77,275
Bond anticipation note payable					3,965,500	3,965,500
Due to developer					41,636,978	41,636,978
Long-term debt						
Due within one year					475,000	475,000
Due after one year					26,081,540	26,081,540
Total Liabilities	345,648	368	7,198	353,214	72,236,293	72,589,507
Deferred Inflows of Resources						
Deferred property taxes	6,109	46,955		53,064	(53,064)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	77,472			77,472	(77,472)	
Restricted		1,523,332	763,597	2,286,929	(2,286,929)	
Unassigned	627,583			627,583	(627,583)	
Total Fund Balances	705,055	1,523,332	763,597	2,991,984	(2,991,984)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,056,812	$ 1,570,655	$ 770,795	$ 3,398,262		
Net Position						
Net investment in capital assets					(5,147,288)	(5,147,288)
Restricted for debt service					1,493,012	1,493,012
Unrestricted					(28,399,314)	(28,399,314)
Total Net Position					$(32,053,590)	$(32,053,590)

See notes to basic financial statements.

Brazoria County Municipal Utility District No. 55
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 348,012	$ -	$ -	$ 348,012	$ -	$ 348,012
Sewer service	294,463			294,463		294,463
Property taxes	165,014	1,345,737		1,510,751	6,596	1,517,347
Penalties and interest	10,700	11,662		22,362	1,421	23,783
Groundwater pumpage fees	2,494			2,494		2,494
Tap connection and inspection	403,265			403,265		403,265
Miscellaneous	28,513	490		29,003		29,003
Investment earnings	14,416	2,439	1,107	17,962		17,962
Total Revenues	1,266,877	1,360,328	1,107	2,628,312	8,017	2,636,329
Expenditures/Expenses						
Current service operations						
Professional fees	252,786		532,468	785,254		785,254
Contracted services	347,449	22,651		370,100		370,100
Repairs and maintenance	255,487			255,487		255,487
Lease	230,094			230,094		230,094
Utilities	56,478			56,478		56,478
Groundwater pumpage fees	2,135			2,135		2,135
Administrative	60,496	3,371		63,867		63,867
Other	7,773		322	8,095		8,095
Capital outlay	1,280,130		10,339,836	11,619,966	(11,619,966)	
Debt service						
Principal		390,000		390,000	(390,000)	
Interest and fees		718,926	36,788	755,714	26,070	781,784
Developer interest	117,968		899,322	1,017,290		1,017,290
Debt issuance costs			882,368	882,368		882,368
Depreciation					657,685	657,685
Total Expenditures/Expenses	2,610,796	1,134,948	12,691,104	16,436,848	(11,326,211)	5,110,637
Revenues Over/(Under) Expenditures/Expenses	(1,343,919)	225,380	(12,689,997)	(13,808,536)	11,334,228	(2,474,308)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		193,572	9,301,428	9,495,000	(9,495,000)	
Proceeds from bond anticipation note			6,472,500	6,472,500	(6,472,500)	
Repayment of developer advances			(322,000)	(322,000)	322,000	
Repayment of bond anticipation note			(2,507,000)	(2,507,000)	2,507,000	
Internal transfers	10,524		(10,524)			
Other Items						
Change in estimate of due to developer					1,160,556	1,160,556
Transfers to other governments					(10,557,576)	(10,557,576)
Net Change in Fund Balances	(1,333,395)	418,952	244,407	(670,036)	670,036	
Change in Net Position					(11,871,328)	(11,871,328)
Fund Balances/Net Position						
Beginning of the year	2,038,450	1,104,380	519,190	3,662,020	(23,844,282)	(20,182,262)
End of the year	$ 705,055	$ 1,523,332	$ 763,597	$ 2,991,984	$(35,045,574)	$(32,053,590)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Brazoria County Municipal Utility District No. 55 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated August 16, 2007, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 28, 2007 and the first bonds were sold on December 13, 2016.

The District's primary activities include the construction of water, sewer, drainage and road facilities within the District. As further discussed in Note 9, the District transfers road facilities and certain storm sewer facilities to the City of Iowa Colony for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At March 31, 2020, an allowance of $4,500 was provided for possible uncollectible water/sewer accounts. An allowance for possible uncollectible property taxes was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

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

Capital Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of water, wastewater, certain drainage facilities and landscaping improvements, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	15-45 years
Landscaping improvements	20 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balances, governmental funds		$ 2,991,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 39,034,962	
Less accumulated depreciation	(1,897,307)	
Change due to capital assets		37,137,655
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(26,556,540)	
Bond anticipation note payable	(3,965,500)	
Interest payable on bonds	(77,275)	
Change due to long-term debt		(30,599,315)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position*.		(41,636,978)
Receivables that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds. The difference consists of property taxes receivable.		53,064
Total net position - governmental activities		$ (32,053,590)

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

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

Net change in fund balances - total governmental funds		$ (670,036)
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.		8,017
Capital outlays for developer reimbursements are recorded as expenditures in the fund, but reduce the liability for due to developer in the *Statement of Net Position*. In the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 11,619,966	
Depreciation expense	(657,685)	
		10,962,281
A reduction in the estimated amount due to developer does not provide financial resources in the funds; but results in a gain on the government wide statements.		1,160,556
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long term debt	(9,495,000)	
Issuance of bond anticipation note	(6,472,500)	
Principal payments	390,000	
Repayment of bond anticipation note	2,507,000	
Interest expense accrual	(26,070)	
		(13,096,570)
Amounts repaid to the District's developer for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position*.		322,000
The District conveys certain facilities to the City of Iowa Colony upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.		(10,557,576)
Change in net position of governmental activities		$ (11,871,328)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

As of March 31, 2020, the District's investments consist entirely of certificates of deposit in the General Fund, which are reported at cost.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at March 31, 2020, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 40,686	Maintenance tax collections not remitted as of year end

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

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	$ 10,524	Reimbursement for temporary wastewater treatment plant lease payments paid by the General Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended March 31, 2020, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 7,375,507	$ 2,347,686	$ 9,723,193
Capital assets being depreciated			
Infrastructure	22,084,830	7,226,939	29,311,769
Landscaping improvements	11,693,055	(11,693,055)	
	33,777,885	(4,466,116)	29,311,769
Less accumulated depreciation			
Infrastructure	(1,239,622)	(657,685)	(1,897,307)
Landscaping improvements	(1,169,306)	1,169,306	
	(2,408,928)	511,621	(1,897,307)
Subtotal depreciable capital assets, net	31,368,957	(3,954,495)	27,414,462
Capital assets, net	$ 38,744,464	$ (1,606,809)	$ 37,137,655

During the current year, it was determined that the District was not responsible for reimbursing the developer for certain landscaping projects recorded in previous fiscal years. Capital asset values were adjusted accordingly. Depreciation expense for the current year was $657,685.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developer. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

On April 25, 2019, the District issued a $2,507,000 BAN with an interest rate of 2.60%, payable one year from the date of issuance. The District repaid this BAN on November 20, 2019 with proceeds from the issuance of its Series 2019 unlimited tax bonds. Additionally, on March 16, 2020, the District issued a $3,965,500 BAN with an interest rate of .98%, which is due on March 15, 2021. The District intends to repay this BAN from the proceeds of long-term debt. See Note 15 for additional information.

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	$	-
Amounts borrowed		6,472,500
Amounts repaid		(2,507,000)
Ending balance	$	3,965,500

Note 7 – Due to Developer

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

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

Due to developer, beginning of year	$	45,131,048
Developer funded construction and adjustments		20,477,518
Repayment of operating advances		(322,000)
Change in estimate of due to developer		(12,029,622)
Developer reimbursements		(11,619,966)
Due to developer, end of year	$	41,636,978

Note 7 – Due to Developer (continued)

As previously noted, during the current fiscal year, the District determined it was not responsible for reimbursing its developer for certain landscaping projects previously recorded as reimbursable capital assets. Capital asset values and amounts due to developer were adjusted accordingly. The difference between the undepreciated value of the assets and the amount due to developer was recorded as a gain from a change in estimate of due to developer of $1,160,556.

In addition, the District will owe the developer approximately $2,036,645, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount*	Percent Complete
Utilities and paving to serve Meridiana - Section 60	$ 1,071,492	20%
Outfall structures at West Fork of Choclate Bayou	509,051	8%
Detention and Amenity Basin 1A-1	456,102	0%
	$ 2,036,645	

*District's share of contract

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 26,620,000
Unamortized discounts	(63,460)
	$ 26,556,540
Due within one year	$ 475,000

Note 8 – Long-Term Debt (continued)

The District's bonds payable at March 31, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016 Road	$ 2,365,000	$ 2,500,000	3.25% - 4.50%	September 1, 2018 - 2041	September 1, March 1	September 1, 2024
2017	5,080,000	5,215,000	2.00% - 3.875%	September 1, 2019 - 2042	September 1, March 1	September 1, 2025
2017 Road	3,170,000	3,255,000	2.00% - 4.00%	September 1, 2019 - 2042	September 1, March 1	September 1, 2025
2018	3,260,000	3,360,000	3.00% - 5.50%	September 1, 2020 - 2043	September 1, March 1	September 1, 2026
2018 Road	3,250,000	3,250,000	3.50% - 6.00%	September 1, 2020 - 2043	September 1, March 1	September 1, 2026
2019	5,195,000	5,195,000	2.00% - 4.00%	September 1, 2021 - 2045	September 1, March 1	September 1, 2024
2019 Road	4,300,000	4,300,000	2.00% - 4.00%	September 1, 2021 - 2045	September 1, March 1	September 1, 2024
	$ 26,620,000					

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

At March 31, 2020, the District had $96,590,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and refunding of such bonds; $41,170,000 for parks and recreational facilities and refunding of such bonds; $24,895,000 for road improvements and refunding of such bonds.

On November 20, 2019, the District issued its $5,195,000 Series 2019 Unlimited Tax Bonds at a net effective interest rate of 2.945269%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District, operating advances plus interest expense at the net effective interest rate of the bonds; (2) to repay a $2,507,000 BAN issued in the current fiscal year; and (3) to pay capitalized interest into the Debt Service Fund, and (4) to finance wastewater treatment plant lease payments.

Also on November 20, 2019, the District issued its $4,300,000 Series 2019 Unlimited Tax Road Bonds at a net effective interest rate of 2.957543%. Proceeds of the bonds were used (1) to reimburse developer for the construction of capital assets within the District plus interest at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

Note 8 – Long-Term Debt (continued)

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

Bonds payable, beginning of year	$	17,515,000
Bonds issued		9,495,000
Bonds retired		(390,000)
Bonds payable, end of year	$	26,620,000

As of March 31, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	$ 475,000	$ 894,502	$ 1,369,502
2022	735,000	872,273	1,607,273
2023	765,000	843,675	1,608,675
2024	790,000	813,258	1,603,258
2025	815,000	782,386	1,597,386
2026	850,000	754,114	1,604,114
2027	880,000	728,335	1,608,335
2028	910,000	702,438	1,612,438
2029	945,000	675,540	1,620,540
2030	980,000	646,929	1,626,929
2031	1,010,000	616,671	1,626,671
2032	1,045,000	584,591	1,629,591
2033	1,090,000	550,447	1,640,447
2034	1,130,000	514,177	1,644,177
2035	1,180,000	475,689	1,655,689
2036	1,220,000	435,131	1,655,131
2037	1,270,000	392,678	1,662,678
2038	1,315,000	348,021	1,663,021
2039	1,360,000	300,947	1,660,947
2040	1,410,000	251,617	1,661,617
2041	1,465,000	199,456	1,664,456
2042	1,520,000	144,420	1,664,420
2043	1,425,000	90,678	1,515,678
2044	940,000	48,928	988,928
2045	540,000	24,750	564,750
2046	555,000	8,325	563,325
	$ 26,620,000	$ 12,699,974	$ 39,319,974

Note 9 – Property Taxes

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

All property values and exempt status, if any, are determined by the Brazoria County Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of $0.885 per $100 of assessed value, of which $0.095 was allocated to maintenance and operations and $0.440 was allocated to debt service, and $0.350 was allocated to road debt service. The resulting tax levy was $1,517,414 on the adjusted taxable value of $171,459,221.

Property taxes receivable, at March 31, 2020, consisted of the following:

Current year taxes receivable	$ 39,620
Prior years taxes receivable	7,876
	47,496
Penalty and interest receivable	5,568
Net property taxes receivable	$ 53,064

Note 10 – Transfers to Other Governments

The City of Iowa Colony assumes responsibility for the maintenance of storm sewer systems constructed in public streets, road facilities and certain landscaping improvements within the District. Accordingly, these facilities are considered to be capital assets of the City of Iowa Colony, not the District. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended March 31, 2020, the District recorded transfers to other governments in the amount of $10,557,576 for storm sewer systems, road facilities and landscaping improvements constructed by the developer within the District.

Note 11 – Lease Agreement

On October 14, 2014, the District entered into an operating lease agreement for a temporary wastewater treatment plant. This lease is for a term of 60 months effective June 1, 2016, unless otherwise terminated. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

Note 11 – Lease Agreement (continued)

On July 12, 2018, the District entered into an operating lease agreement for expansion of the wastewater treatment plant (the "expansion lease"). This lease is for a term of 60 months effective July 1, 2019, unless terminated. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

As of March 31, 2020, the District's paid $230,094 in lease payments, which includes $158,544 for the wastewater treatment plant and $71,550 for the expansion of the wastewater treatment plant. Monthly payments for the initial wastewater treatment plant lease are $13,212. Monthly payments for the expansion lease are $7,950. Future minimum leases payments as of March 31, 2020 for term leases are as follows:

Year	Amount
2021	$ 253,944
2022	121,824
2023	95,400
2024	95,400
2025	23,850
	$ 590,418

Standard lease terms require the District to prepay the last month's lease payment upon inception of the lease. All such amounts are recorded as a prepaid expense on the statement of net position.

Note 12 – Shared Facilities Agreement with the City of Iowa Colony

On February 15, 2011, the District entered into a Shared Financing Agreement (the "Agreement") with the City of Iowa Colony, Texas (the "City"), Reinvestment Zone Number Two, City of Iowa Colony, Texas (the "Zone") and Iowa Colony Development Authority (the "Authority") for the purpose of constructing TIRZ Projects which include various public works and improvements. The Authority and the District agree to assist the City and the Zone in the implementation of the TIRZ Projects and in the funding, ownership, operation and maintenance of the TIRZ Projects. The District will act as Project Manager for the TIRZ projects set out in the Agreement, and will give written notice to the Authority Board before initiating the design or construction of a TIRZ project for approval. Upon completion of TIRZ Project construction, the project shall be conveyed to the responsible party as stated in the Agreement.

For any year in which the City collects or receives Tax Increment, the City will pay such Tax Increment to the Authority. For any year the Authority receives payments from the City, the amount of Project Costs to be paid from Tax Increment by the Authority ("TIRZ Share") to the District is the percentage of the actual project costs set out in the Agreement. The District will begin to receive TIRZ Share payments no later than thirty days prior to the fall principal and interest payment date subsequent to the District issuance of bonds. The term of the Agreement will expire on the later of January 1 in the year following completion of the TIRZ Plan or the date that the Developer has been repaid in full for all eligible project costs.

Note 13 – Infection 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. 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. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various "Work Safe – Stay Home" orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

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 the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within the District.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

Note 14 – Risk Management

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

Note 15 – Subsequent Event

On July 9, 2020, the District accepted bids and awarded the sale of its $6,980,000 Series 2020 Unlimited Tax Bonds at a net effective interest rate of 2.613486%. Proceeds of the bonds will primarily be used to reimburse developer for amounts currently reported in "Due to developer."

Required Supplementary Information

Brazoria County Municipal Utility District No. 55
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 315,000	$ 348,012	$ 33,012
Sewer service	181,000	294,463	113,463
Property taxes	165,000	165,014	14
Penalties and interest	10,000	10,700	700
Groundwater pumpage fees		2,494	2,494
Tap connection and inspection	350,000	403,265	53,265
Miscellaneous		28,513	28,513
Investment earnings	6,000	14,416	8,416
Total Revenues	1,027,000	1,266,877	239,877
Expenditures			
Current service operations			
Professional fees	110,500	252,786	(142,286)
Contracted services	306,900	347,449	(40,549)
Repairs and maintenance	166,500	255,487	(88,987)
Lease	158,544	230,094	(71,550)
Utilities	50,000	56,478	(6,478)
Groundwater pumpage fees		2,135	(2,135)
Administrative	38,900	60,496	(21,596)
Other	7,500	7,773	(273)
Capital outlay		1,280,130	(1,280,130)
Developer interest		117,968	(117,968)
Total Expenditures	838,844	2,610,796	(1,771,952)
Revenues over/(under) Expenditures	188,156	(1,343,919)	(1,532,075)
Other Financing Sources			
Internal transfers		10,524	10,524
Net Change in Fund Balance	188,156	(1,333,395)	(1,521,551)
Fund Balance			
Beginning of the year	2,038,450	2,038,450	
End of the year	$ 2,226,606	$ 705,055	$ (1,521,551)

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Brazoria County Municipal Utility District No. 55
TSI-1. Services and Rates
March 31, 2020

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

X	Retail Water		Wholesale Water		Solid Waste / Garbage	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Flood Control		Irrigation
	Parks / Recreation		Fire Protection		Roads		Security

[ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconne

[ ] Other (Specify): ______

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

a. Retail Rates for a 1" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 28.80	10,000	N	$ 2.60	10,001	to	20,000
				$ 3.15	20,001	to	25,000
				$ 3.95	25,001	to	no limit
Wastewater:	$ 28.80	10,000	N	$ 1.35	10,001	to	20,000
				$ 1.60	20,001	to	25,000
				$ 1.80	25,001		no limit
Groundwater reduction:	$ 0.03	1,000		$ 0.03	1,001	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 29.10 Wastewater $ 28.80

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	199	198	x 1.0	198
1"	677	673	x 2.5	1,683
1.5"			x 5.0	
2"	11	11	x 8.0	88
3"	2	2	x 15.0	30
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	890	885		2,079
Total Wastewater	875	870	x 1.0	870

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
   (You may omit this information if your district does not provide water)

Gallons pumped into system:	94,119,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	87,222,000	92.67%

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

   Does the District have Debt Service standby fees? Yes [ ] No [X]

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

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

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

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

   Is the District located entirely within one county? Yes [X] No [ ]

   County(ies) in which the District is located: Brazoria County

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

   City(ies) in which the District is located: City of Iowa Colony

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

   Entirely [ ] Partly [ ] Not at all [X]

   ETJs in which the District is located: ____________

   Are Board members appointed by an office outside the district? Yes [ ] No [X]

   If Yes, by whom? ____________

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-2 General Fund Expenditures
For the Year Ended March 31, 2020

Professional fees	
Legal	$ 77,936
Audit	13,400
Engineering	161,450
	252,786
Contracted services	
Bookkeeping	14,847
Operator	35,178
Tap connection and inspection	297,424
	347,449
Repairs and maintenance	255,487
Lease	230,094
Utilities	56,478
Groundwater pumpage fees	2,135
Administrative	
Directors fees	7,500
Printing and office supplies	30,171
Insurance	20,794
Other	2,031
	60,496
Other	7,773
Capital outlay	1,280,130
Developer interest	117,968
Total expenditures	$ 2,610,796

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	705,600 kWh	$ 54,801
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-3. Investments
March 31, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	2.75%	09/12/20	$ 240,000	$ 3,616

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-4. Taxes Levied and Receivable
March 31, 2020

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 8,318	$ 15,788	$ 16,793	$ 40,899
Adjustments to Prior Year Tax Levy	(13)	(24)	(29)	(66)
Adjusted Receivable	8,305	15,764	16,764	40,833
2019 Original Tax Levy	160,463	743,195	591,178	1,494,836
Adjustments	2,423	11,226	8,929	22,578
Adjusted Tax Levy	162,886	754,421	600,107	1,517,414
Total to be accounted for	171,191	770,185	616,871	1,558,247
Tax collections:				
Current year	158,633	734,723	584,438	1,477,794
Prior years	6,447	12,809	13,701	32,957
Total Collections	165,080	747,532	598,139	1,510,751
Taxes Receivable, End of Year	$ 6,111	$ 22,653	$ 18,732	$ 47,496
Taxes Receivable, By Years				
2019	$ 4,253	$ 19,698	$ 15,669	$ 39,620
2018	954	1,937	2,077	4,968
2017	904	1,018	986	2,908
Taxes Receivable, End of Year	$ 6,111	$ 22,653	$ 18,732	$ 47,496

	2019	2018	2017	2016
Property Valuations:				
Land	$ 48,433,722	$ 31,899,114	$ 29,237,854	$ 22,624,718
Improvements	129,475,400	72,184,313	29,284,512	3,030
Personal Property	1,656,620	1,335,010	856,010	17,790
Exemptions	(8,106,521)	(6,090,165)	(3,031,436)	(3,100,537)
Total Property Valuations	$ 171,459,221	$ 99,328,272	$ 56,346,940	$ 19,545,001
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.095	$ 0.170	$ 0.275	$ 0.85
W-S-D debt service tax rates	0.440	0.345	0.310	
Road debt service tax rates	0.350	0.370	0.300	
Total Tax Rates per $100 Valuation	$ 0.885	$ 0.885	$ 0.885	$ 0.85
Adjusted Tax Levy:	$ 1,517,414	$ 879,055	$ 498,670	$ 166,133
Percentage of Taxes Collected to Taxes Levied **	97.39%	99.43%	99.42%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 6, 2007
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2008

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

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2016 Road--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 70,000	$ 95,519	$ 165,519
2022	75,000	93,163	168,163
2023	75,000	90,724	165,724
2024	80,000	88,206	168,206
2025	80,000	85,606	165,606
2026	85,000	82,819	167,819
2027	90,000	79,757	169,757
2028	90,000	76,494	166,494
2029	95,000	73,025	168,025
2030	100,000	69,243	169,243
2031	100,000	65,244	165,244
2032	105,000	60,947	165,947
2033	110,000	56,244	166,244
2034	115,000	51,322	166,322
2035	120,000	46,181	166,181
2036	125,000	40,822	165,822
2037	130,000	35,244	165,244
2038	135,000	29,362	164,362
2039	135,000	23,287	158,287
2040	145,000	16,988	161,988
2041	150,000	10,350	160,350
2042	155,000	3,488	158,488
	$ 2,365,000	$ 1,274,035	$ 3,639,035

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 140,000	$ 166,440	$ 306,440
2022	145,000	163,517	308,517
2023	150,000	160,270	310,270
2024	155,000	156,646	311,646
2025	160,000	152,637	312,637
2026	170,000	148,127	318,127
2027	175,000	143,210	318,210
2028	185,000	137,897	322,897
2029	190,000	132,177	322,177
2030	200,000	126,032	326,032
2031	205,000	119,501	324,501
2032	215,000	112,622	327,622
2033	220,000	105,362	325,362
2034	230,000	97,768	327,768
2035	240,000	89,687	329,687
2036	250,000	81,112	331,112
2037	260,000	72,187	332,187
2038	270,000	62,912	332,912
2039	280,000	52,937	332,937
2040	290,000	42,250	332,250
2041	305,000	30,903	335,903
2042	315,000	18,891	333,891
2043	330,000	6,394	336,394
	$ 5,080,000	$ 2,379,479	$ 7,459,479

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 85,000	$ 110,944	$ 195,944
2022	90,000	109,194	199,194
2023	95,000	106,869	201,869
2024	95,000	104,019	199,019
2025	100,000	101,094	201,094
2026	105,000	98,019	203,019
2027	110,000	94,794	204,794
2028	115,000	91,347	206,347
2029	120,000	87,600	207,600
2030	125,000	83,540	208,540
2031	130,000	79,156	209,156
2032	135,000	74,518	209,518
2033	140,000	69,619	209,619
2034	145,000	64,453	209,453
2035	150,000	59,012	209,012
2036	155,000	53,294	208,294
2037	160,000	47,388	207,388
2038	170,000	41,094	211,094
2039	175,000	34,300	209,300
2040	180,000	27,200	207,200
2041	190,000	19,800	209,800
2042	195,000	12,100	207,100
2043	205,000	4,100	209,100
	$ 3,170,000	$ 1,573,454	$ 4,743,454

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 100,000	$ 117,631	$ 217,631
2022	100,000	112,131	212,131
2023	105,000	106,494	211,494
2024	105,000	100,719	205,719
2025	110,000	95,631	205,631
2026	110,000	91,781	201,781
2027	115,000	88,406	203,406
2028	115,000	84,956	199,956
2029	120,000	81,431	201,431
2030	120,000	77,831	197,831
2031	125,000	74,156	199,156
2032	125,000	70,328	195,328
2033	135,000	66,181	201,181
2034	135,000	61,709	196,709
2035	140,000	57,069	197,069
2036	145,000	52,169	197,169
2037	150,000	47,006	197,006
2038	155,000	41,572	196,572
2039	160,000	35,863	195,863
2040	165,000	29,972	194,972
2041	165,000	23,991	188,991
2042	175,000	17,719	192,719
2043	180,000	11,063	191,063
2044	205,000	3,844	208,844
	$ 3,260,000	$ 1,549,654	$ 4,809,654

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 80,000	$ 137,844	$ 217,844
2022	80,000	133,044	213,044
2023	85,000	128,094	213,094
2024	90,000	122,844	212,844
2025	95,000	117,294	212,294
2026	100,000	111,444	211,444
2027	100,000	105,944	205,944
2028	105,000	101,606	206,606
2029	110,000	97,844	207,844
2030	115,000	93,906	208,906
2031	120,000	89,644	209,644
2032	125,000	85,050	210,050
2033	130,000	80,269	210,269
2034	140,000	75,031	215,031
2035	145,000	69,331	214,331
2036	150,000	63,431	213,431
2037	160,000	57,231	217,231
2038	165,000	50,731	215,731
2039	170,000	44,031	214,031
2040	180,000	36,919	216,919
2041	190,000	29,288	219,288
2042	195,000	21,347	216,347
2043	205,000	13,097	218,097
2044	215,000	4,434	219,434
	$ 3,250,000	$ 1,869,697	$ 5,119,697

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ -	$ 145,106	$ 145,106
2022	135,000	142,406	277,406
2023	140,000	136,906	276,906
2024	145,000	131,206	276,206
2025	145,000	125,406	270,406
2026	155,000	120,956	275,956
2027	160,000	117,806	277,806
2028	165,000	114,453	279,453
2029	170,000	110,788	280,788
2030	175,000	106,907	281,907
2031	180,000	102,913	282,913
2032	185,000	98,691	283,691
2033	195,000	94,178	289,178
2034	200,000	89,362	289,362
2035	210,000	84,237	294,237
2036	215,000	78,790	293,790
2037	225,000	73,015	298,015
2038	230,000	66,900	296,900
2039	240,000	60,439	300,439
2040	245,000	53,769	298,769
2041	255,000	46,575	301,575
2042	265,000	38,775	303,775
2043	275,000	30,675	305,675
2044	285,000	22,275	307,275
2045	295,000	13,575	308,575
2046	305,000	4,575	309,575
	$ 5,195,000	$ 2,210,684	$ 7,405,684

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ -	$ 121,018	$ 121,018
2022	110,000	118,818	228,818
2023	115,000	114,318	229,318
2024	120,000	109,618	229,618
2025	125,000	104,718	229,718
2026	125,000	100,968	225,968
2027	130,000	98,418	228,418
2028	135,000	95,684	230,684
2029	140,000	92,675	232,675
2030	145,000	89,469	234,469
2031	150,000	86,057	236,057
2032	155,000	82,435	237,435
2033	160,000	78,594	238,594
2034	165,000	74,531	239,531
2035	175,000	70,172	245,172
2036	180,000	65,513	245,513
2037	185,000	60,606	245,606
2038	190,000	55,450	245,450
2039	200,000	50,090	250,090
2040	205,000	44,519	249,519
2041	210,000	38,550	248,550
2042	220,000	32,100	252,100
2043	230,000	25,350	255,350
2044	235,000	18,375	253,375
2045	245,000	11,175	256,175
2046	250,000	3,750	253,750
	$ 4,300,000	$ 1,842,971	$ 6,142,971

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 55
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
March 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 475,000	$ 894,502	$ 1,369,502
2022	735,000	872,273	1,607,273
2023	765,000	843,675	1,608,675
2024	790,000	813,258	1,603,258
2025	815,000	782,386	1,597,386
2026	850,000	754,114	1,604,114
2027	880,000	728,335	1,608,335
2028	910,000	702,438	1,612,438
2029	945,000	675,540	1,620,540
2030	980,000	646,929	1,626,929
2031	1,010,000	616,671	1,626,671
2032	1,045,000	584,591	1,629,591
2033	1,090,000	550,447	1,640,447
2034	1,130,000	514,177	1,644,177
2035	1,180,000	475,689	1,655,689
2036	1,220,000	435,131	1,655,131
2037	1,270,000	392,678	1,662,678
2038	1,315,000	348,021	1,663,021
2039	1,360,000	300,947	1,660,947
2040	1,410,000	251,617	1,661,617
2041	1,465,000	199,456	1,664,456
2042	1,520,000	144,420	1,664,420
2043	1,425,000	90,678	1,515,678
2044	940,000	48,928	988,928
2045	540,000	24,750	564,750
2046	555,000	8,325	563,325
	$ 26,620,000	$ 12,699,974	$ 39,319,974

See accompanying auditors' report.

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Brazoria County Municipal Utility District No. 55
TSI-6. Change in Long-Term Bonded Debt
March 31, 2020

	Bond Issue			
	Series 2016 Road	Series 2017	Series 2017 Road	Series 2018
Interest rate	3.25% - 4.50%	2.000% - 3.875%	2.00% - 4.00%	3.00% - 5.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/18 - 9/1/41	9/1/19 - 9/1/42	9/1/19 - 9/1/42	9/1/19 - 9/1/43
Beginning bonds outstanding	$ 2,435,000	$ 5,215,000	$ 3,255,000	$ 3,360,000
Bonds issued				
Bonds retired	(70,000)	(135,000)	(85,000)	(100,000)
Ending bonds outstanding	$ 2,365,000	$ 5,080,000	$ 3,170,000	$ 3,260,000
Interest paid during fiscal year	$ 97,794	$ 169,190	$ 112,644	$ 123,131

Paying agent's name and city
Series 2016 Road, 2017, 2017 Road, 2018, 2018 Road — Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2019 and 2019 Road — Zions Bancorporation, N.A., Houston, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	$ 110,360,000	$ 41,170,000	$ 38,200,000
Amount Issued	(13,770,000)		(13,305,000)
Remaining To Be Issued	$ 96,590,000	$ 41,170,000	$ 24,895,000

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

Debt Service Fund cash and investments balances as of March 31, 2020: $ 1,564,386

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 1,512,307

See accompanying auditors' report.

Bond Issue			
Series 2018 Road	Series 2019	Series 2019 Road	Totals
3.50% - 6.00%	2.00% - 4.00%	2.00% - 4.00%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	
9/1/20 - 9/1/43	9/1/21 - 9/1/46	9/1/21 - 9/1/46	
$ 3,250,000	$ -	$ -	$ 17,515,000
	5,195,000	4,300,000	9,495,000
			(390,000)
$ 3,250,000	$ 5,195,000	$ 4,300,000	$ 26,620,000
$ 140,244	$ 48,369	$ 40,339	$ 731,711

Brazoria County Municipal Utility District No. 55
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016**
Revenues					
Water service	$ 348,012	$ 267,640	$ 139,407	$ 100,347	$ 690
Sewer service	294,463	203,300	103,788	58,652	657
Property taxes	165,014	171,802	148,512	183,817	6,763
Penalties and interest	10,700	7,964	4,638	2,247	16
Groundwater pumpage fees	2,494	1,870	1,136	542	
Tap connection and inspection	403,265	387,735	278,910	319,615	43,070
Miscellaneous	28,513	23,142	16,817	2,430	790
Investment earnings	14,416	12,100	2,230	177	144
Total Revenues	1,266,877	1,075,553	695,438	667,827	52,130
Expenditures					
Current service operations					
Professional fees	252,786	182,882	183,101	142,210	138,681
Contracted services	347,449	298,239	210,136	239,709	10,581
Repairs and maintenance	255,487	166,590	127,114	125,228	11,038
Lease	230,094		158,444	132,120	39,936
Utilities	56,478	45,038	43,013	44,055	
Groundwater pumpage fees	2,135		710	1,225	97
Administrative	60,496	54,087	48,114	36,807	10,533
Other	7,773	5,173	7,825	1,716	1,724
Capital outlay	1,280,130			74,200	217,000
Developer interest	117,968				
Total Expenditures	2,610,796	752,009	778,457	797,270	429,590
Revenues Over/(Under) Expenditures	$ (1,343,919)	$ 323,544	$ (83,019)	$ (129,443)	$ (377,460)
Total Active Retail Water Connections	885	619	375	213	31
Total Active Retail Wastewater Connections	870	608	369	208	29

*Percentage is negligible
**Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016**
27%	25%	20%	15%	1%
23%	19%	15%	9%	1%
13%	16%	22%	28%	13%
1%	1%	1%	*	*
*	*	*	*	
32%	36%	40%	48%	83%
2%	2%	2%	*	2%
2%	1%	*	*	*
100%	100%	100%	100%	100%
20%	17%	26%	21%	266%
27%	28%	30%	36%	20%
20%	15%	18%	19%	21%
18%		23%	20%	77%
4%	4%	6%	7%	
*		*	*	*
5%	5%	7%	6%	20%
1%	*	1%	*	3%
101%			11%	416%
9%				
205%	69%	111%	120%	823%
(105%)	31%	(11%)	(20%)	(723%)

Brazoria County Municipal Utility District No. 55
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Four Fiscal Years

	Amounts			
	2020	2019	2018	2017
Revenues				
Property taxes	$ 1,345,737	$ 702,618	$ 319,295	$ -
Penalties and interest	11,662	10,922	3,366	
Miscellaneous	490	1,270	150	
Investment earnings	2,439	1,859	745	77
Total Revenues	1,360,328	716,669	323,556	77
Expenditures				
Tax collection services	26,022	18,431	10,211	66
Debt service				
Principal	390,000	65,000		
Interest and fees	718,926	472,198	204,843	21,893
Total Expenditures	1,134,948	555,629	215,054	21,959
Revenues Over (Under) Expenditures	$ 225,380	$ 161,040	$ 108,502	$ (21,882)

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues			
2020	2019	2018	2017
99%	98%	99%	
1%	2%	1%	
*	*	*	
*	*	*	100%
100%	100%	100%	100%
2%	3%	3%	86%
29%	9%		
53%	66%	63%	28432%
84%	78%	66%	28518%
16%	22%	34%	(28,418%)

Brazoria County Municipal Utility District No. 55
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended March 31, 2020

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, Texas 77027	
District Business Telephone Number:	(713) 860-6400	
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 14, 2020	
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)		$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Houston Hamilton	5/20 - 5/24	$ 1,800	$ 361	President
Kristina Jones	5/18 - 5/22	1,650	345	Vice President
Roy Bergman	5/18 - 5/22	900	194	Secretary
Melissa Lacy	5/20 - 5/24	1,200	233	Assistant Vice President
Cathy Verret	6/18 - 5/22	1,950	359	Secretary
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2007			Attorney
General legal fees		$ 98,632		
Bond counsel		331,333		
Si Environmental, LLC	2015	583,483		Operator
Myrtle Cruz	2007	25,060		Bookkeeper
Assessments of the Southwest, Inc.	2007	11,754		Tax Collector
Brazoria County Appraisal District	Legislation	7,825		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2008	3,072		Delinquent Tax Attorney
EHRA Engineering	2007	298,322		Engineer
McGrath & Co., PLLC	2016	18,900		Auditor
Robert W. Baird & Co. Incorporated	2015	257,586		Financial Advisor

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

See accompanying auditors' report.

APPENDIX B

SPECIMEN MUNICIPAL BOND

INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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