OFFICIAL STATEMENT DATED MARCH 10, 2021

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

NEW ISSUE - Book-Entry-Only

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

$2,670,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX ROAD BONDS, SERIES 2021

Dated: April 1, 2021 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds will accrue from April 1, 2021 and be payable on September 1, 2021 (five months of interest) and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiplies thereof. The Bonds are subject to redemption prior to maturity as shown below.

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

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2022	$ 200,000	2.000%	0.25%	34683C ST4	2026	$ 125,000		1.000%	0.85%	34683C SX5
2023	200,000	2.000	0.40	34683C SU1	2027	125,000	(c)	2.000	1.00	34683C SY3
2024	150,000	1.000	0.55	34683C SV9	2028	125,000	(c)	2.000	1.10	34683C SZ0
2025	125,000	1.000	0.70	34683C SW7	2029	120,000	(c)	2.000	1.20	34683C TA4

$200,000 Term Bonds due September 1, 2031 (c), 34683C TC0 (b), 2.000% Interest Rate, 1.40% Yield (a)
$200,000 Term Bonds due September 1, 2033 (c), 34683C TE6 (b), 2.000% Interest Rate, 1.60% Yield (a)
$200,000 Term Bonds due September 1, 2035 (c), 34683C TG1 (b), 2.000% Interest Rate, 1.75% Yield (a)
$200,000 Term Bonds due September 1, 2037 (c), 34683C TJ5 (b), 2.000% Interest Rate, 1.90% Yield (a)
$200,000 Term Bonds due September 1, 2039 (c), 34683C TL0 (b), 2.000% Interest Rate, 2.00% Yield (a)
$200,000 Term Bonds due September 1, 2041 (c), 34683C TN6 (b), 2.000% Interest Rate, 2.10% Yield (a)
$300,000 Term Bonds due September 1, 2044 (c), 34683C TR7 (b), 2.125% Interest Rate, 2.15% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from April 1, 2021 is to be added to the price.

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

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

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Municipal Utility District No. 133 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Houston, or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about April 15, 2021.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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 Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer .... Fort Bend County Municipal Utility District No. 133 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Issue .... $2,670,000 Unlimited Tax Road Bonds, Series 2021 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors authorizing the issuance of the Bonds. See "THE BONDS—Authority for Issuance." The Bonds will be issued as fully registered bonds maturing serially on September 1 in each of the years 2022 through 2029, both inclusive, and as term bonds on September 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041, and 2044 (the "Term Bonds") in the principal amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from April 1, 2021 and is payable on September 1, 2021 (five months of interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

The Bonds maturing on and after September 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2026, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Houston, or any other political subdivision or agency other than the District. See "THE BONDS—Source of and Security for Payment."

Authority for Issuance .... The Bonds are the ninth series of unlimited tax bonds issued out of an aggregate of $41,345,000 principal amount of unlimited tax road bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities and related improvements and for the further purpose of refunding such bonds. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "USE AND DISTRIBUTION OF BOND PROCEEDS," "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Payment Record .... The District has previously issued eight series of unlimited tax bonds for water, sanitary sewer and drainage facilities, seven series of unlimited tax road bonds, two series of unlimited tax refunding bonds, and one series of unlimited tax road refunding bonds, $78,805,000 of which remains outstanding as of February 1, 2021 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.

Use of Proceeds .... Proceeds from the Bonds will be used to pay for the construction related costs shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will also be used to pay developer interest, and to pay certain costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Qualified Tax-Exempt Obligations .... The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Municipal Bond Rating and Municipal Bond Insurance .... It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") will assign a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investors Service ("Moody's") has also assigned an underlying rating to the District of "A3" on the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

Financial Advisor .... Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT."

District Engineer .... Benchmark Engineering Corporation, Houston, Texas.

Disclosure Counsel....................... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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

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

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of 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 partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

EXTREME WEATHER

General .... The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

Impact on the District .... According to Benchmark Engineering Corporation (the "Engineer") and Municipal District Services (the "System Operator"), the District's System (as defined herein) did not sustain any material damage, there was no interruption of water and sewer service, and no homes or commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

THE DISTRICT

Description..................................... The District was created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated November 12, 2003. The District contains approximately 925 acres of land and is located in northeastern Fort Bend County approximately 26 miles southwest of downtown Houston, Texas. Access to the District is provided via the Westpark Tollway and State Highway 99 ("Grand Parkway"). Generally, the District is bordered on the south by Bellaire Boulevard, on the north by F.M. 1093 ("Westheimer Road"), on the west by F.M. 723 and on the east by Canal Road. The District lies entirely within the extraterritorial jurisdiction of the City of Houston. See "AERIAL PHOTOGRAPH" herein.

Lakes of Bella Terra & Lakes of Bella Terra West.......The District is being developed as Lakes of Bella Terra and Lakes of Bella Terra West, predominantly single-family residential communities. At full development, Lakes of Bella Terra and Lakes of Bella Terra West are projected to include single-family, multifamily and commercial development. Recreation amenities within Lakes of Bella Terra include two recreation centers on approximately 6 acres, which include a clubhouse, fitness center, meeting facilities, open air pavilion and entertainment areas, in addition to a junior olympic-size pool, resort-style swimming pool, splash pad, kiddie pools, tennis courts, and a volleyball court. Recreation amenities within Lakes of Bella Terra West include a recreation center on approximately 1.5 acres of land, which includes a clubhouse, fitness center, pool, splash pad and playground. Additional amenities within the boundaries of the District include lakes, hiking trails, a dog park, a soccer field, fishing ponds, and playgrounds.

Status of Development................... Development of Lakes of Bella Terra began in 2006 and development of Lakes of Bella Terra West began in 2017. The District currently includes approximately 594.5 developed acres of single-family residential development (2,097 lots). As of January 5, 2021, the District contained 1,945 single-family homes completed and occupied, 4 single-family homes completed and not occupied, 86 single-family homes in various stages of construction and 62 vacant developed lots.

Homebuilding in the District is currently being conducted by the following homebuilders: Ashton Woods, Chesmar Homes, D.R. Horton, Masterpiece Homes by David Powers, K. Hovnanian of Houston, Perry Homes, Sitterle Homes, Residential Completion II and Partners in Building. New homes in the District range in price from approximately $170,000 to in excess of $1,000,000.

A day care center, gas station, convenience store, Service King, Enterprise Rent-A-Car, Quick Lane, and a retail/mixed-use center have been constructed on approximately 13 acres and an additional 28 acres are served with trunk facilities. Additionally, Parkside Bella Terra, a 342-unit apartment complex, has been constructed on approximately 15 acres within the District.

In addition to the development described above, the District contains two schools: Joe Hubenak Elementary School, a Lamar Consolidated Independent School District school, on approximately 13 acres of land, and Westlake Preparatory Lutheran Academy, on approximately 22 acres of land. Westlake Preparatory Lutheran Academy also owns an additional 26 acres of undeveloped land in the District. Neither the schools nor the land owned by the schools is subject to ad valorem taxation by the District.

The District also contains approximately 7.5 acres that have been developed as recreation centers/parks and open spaces and approximately 201 acres of land are contained in drainage easements, right-of-ways, District plant sites, detention areas and drill sites. See "THE DISTRICT—Status of Development."

The Developers............................... The developer of most of the land within the District is L.O.B. Limited Partnership, a Texas limited partnership ("LOB"), created for the sole purpose of developing its land in the District. The general partner of LOB is Ryko Development, Inc., a Virginia corporation. The limited partners are Fontana, Inc. and Montabello, Inc., each a Texas corporation. LOB continues to own approximately 7.5 acres of land to be developed within the District.

The developer of approximately 122 acres within the District is LOB West, Inc., a Texas corporation, ("LOB West"). LOB West has developed Lakes of Bella Terra West, Section 1 through 4 (428 lots on approximately 116 acres). LOB West owns no remaining land to be developed within the District.

Approximately 20 acres of commercial tracts in the District are owned by an individual and various entities.

LOB and LOB West are collectively referred to herein as the "Developers." See "THE DEVELOPERS."

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION

2020 Certified Taxable Assessed Valuation	$665,998,532 (a)
Estimated Taxable Assessed Valuation as of January 1, 2021	$710,781,042 (b)
Gross Debt Outstanding (after the issuance of the Bonds)	$81,475,000
Estimated Overlapping Debt	50,316,938 (c)
Gross Debt and Estimated Overlapping Debt	$131,791,938 (c)
Ratios of Gross Debt to:	
2020 Certified Taxable Assessed Valuation	12.23%
Estimated Taxable Assessed Valuation as of January 1, 2021	11.46%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2020 Certified Taxable Assessed Valuation	19.79%
Estimated Taxable Assessed Valuation as of January 1, 2021	18.54%
2020 Tax Rate:	
Debt Service	$0.94
Maintenance and Operations	0.35
Total	$1.29/$100 A.V.
Average percentage of total tax collections (2015-2019)	99.91%
Maximum Annual Debt Service Requirements (2022) of the Outstanding Bonds and the Bonds ("Maximum Annual Requirement")	$6,061,200(d)
Average Annual Debt Service Requirements (2021-2039) of the Outstanding Bonds and the Bonds ("Average Annual Requirement (2021-2039)")	$5,374,614(d)
Average Annual Debt Service Requirements (2021-2044) of the Outstanding Bonds and the Bonds ("Average Annual Requirement (2021-2044)")	$4,483,111(d)
Tax rate required to pay Maximum Annual Requirement based upon:	
2020 Certified Taxable Assessed Valuation at a 95% collection rate	$0.96/$100 A.V. (e)
Estimated Taxable Assessed Valuation as of January 1, 2021 at a 95% collection rate	$0.90/$100 A.V. (e)
Tax rate required to pay Average Annual Requirement (2021-2039) based upon:	
2020 Certified Taxable Assessed Valuation at a 95% collection rate	$0.85/$100 A.V. (e)
Estimated Taxable Assessed Valuation as of January 1, 2021 at a 95% collection rate	$0.80/$100 A.V. (e)
Tax rate required to pay Average Annual Requirement (2021-2044) based upon:	
2020 Certified Taxable Assessed Valuation at a 95% collection rate	$0.71/$100 A.V. (e)
Estimated Taxable Assessed Valuation as of January 1, 2021 at a 95% collection rate	$0.67/$100 A.V. (e)

Connection Count as of January 5, 2021 (f):

Single-family residential – completed and occupied	1,945
Single-family residential – completed and unoccupied	4
Single-family residential – under construction	86
Multi-Family (342 units)	1
Commercial connections	10

Area of District — 925 acres
Estimated 2021 Population — 7,491 (g)

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on January 1, 2021. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(d) See "DEBT SERVICE REQUIREMENTS."
(e) See "TAX DATA—Tax Adequacy for Debt Service."
(f) See "THE DISTRICT—Status of Development."
(g) Estimate based on 3.5 persons per occupied single-family connection and 2 persons per multi-family unit.

OFFICIAL STATEMENT

$2,670,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133

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

UNLIMITED TAX ROAD BONDS
SERIES 2021

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 133 (the "District") of its $2,670,000 Unlimited Tax Road Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to an election held within the District, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

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

THE BONDS

General

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 of the Board. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from April 1, 2021 and are payable on each September 1 and March 1 commencing September 1, 2021 (five months of interest), until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on May 12, 2007, the voters of the District authorized the issuance of a total of $41,345,000 principal amount of unlimited tax bonds for the purposes of acquiring or constructing road facilities, including improvements in aid thereof, and refunding of road facility bonds. The Bonds are being issued pursuant to such authorization and constitute the ninth issuance from such authorization. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and the election held within the District on May 12, 2007.

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

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

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

Method of Payment of Principal and Interest

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

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

Funds

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

The District also maintains a Water, Sewer and Drainage Debt Service Fund that is not pledged to the outstanding road bonds or the Bonds. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on the outstanding road bonds or the Bonds.

Accrued interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from the sale of the Bonds shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing District road facilities and costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

No Arbitrage

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

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041, and 2044 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$200,000 Term Bonds Due September 1, 2031		$200,000 Term Bonds Due September 1, 2033		$200,000 Term Bonds Due September 1, 2035	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2030	$ 100,000	2032	$ 100,000	2034	$ 100,000
2031 (maturity)	100,000	2033 (maturity)	100,000	2035 (maturity)	100,000

$200,000 Term Bonds Due September 1, 2037	
Mandatory Redemption Date	**Principal Amount**
2036	$ 100,000
2037 (maturity)	100,000

$200,000 Term Bonds Due September 1, 2039	
Mandatory Redemption Date	**Principal Amount**
2038	$ 100,000
2039 (maturity)	100,000

$200,000 Term Bonds Due September 1, 2041	
Mandatory Redemption Date	**Principal Amount**
2040	$ 100,000
2041 (maturity)	100,000

$300,000 Term Bonds Due September 1, 2044	
Mandatory Redemption Date	**Principal Amount**
2042	$ 100,000
2043	100,000
2044 (maturity)	100,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2026, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

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

Issuance of Additional Debt

After issuance of the Bonds, the District will have $17,625,000 principal amount of unlimited tax bonds authorized but unissued for the purposes of constructing and acquiring road facilities and refunding bonds issued for road facilities. The voters of the District have also authorized the issuance of $116,000,000 principal amount of unlimited tax bonds for the purposes of acquiring or constructing water, sanitary sewer and drainage facilities, $12,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, and $75,000,000 principal amount of unlimited tax bonds for refunding bonds. Currently, the District has $45,595,000 principal amount of unlimited tax bonds authorized but unissued for the for the purposes of acquiring or constructing water, sanitary sewer and drainage facilities; $12,000,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing recreational facilities; and $73,570,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of refunding bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

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

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

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the “City”), the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District’s consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See “Strategic Partnership Agreement,” below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City will assume the District’s assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur under the terms of the SPA (defined below).

Strategic Partnership Agreement

On November 16, 2012, the District entered into a Strategic Partnership Agreement which was amended thereafter (as amended the “SPA”) with the City of Houston (the “City”) pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a “limited purpose annexation” of a portion of the land within the District. The SPA provides that the City will not annex the District for “full purposes” for thirty (30) years from the date of the SPA’s original execution (November 16, 2012). The SPA also provides that the City will impose a one percent (1%) retail City Sales Tax within the portion of the District included in the limited purpose annexation. The City will pay to the District an amount equal to one- half of all retail sales tax revenues generated within such area of the District and received by the City from the Comptroller (the “Contract Sales Tax Revenue”). Pursuant to the SPA, the District will use the Contract Sales Tax Revenue only for purposes for which the District is lawfully authorized to use its ad valorem tax revenues or other revenues. None of the Contract Sales Tax Revenue is pledged toward the payment of principal and interest on the Bonds.

Consolidation

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to each series of the Bonds, one fully-registered Bond certificate will be issued of each such series for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or 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 this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a municipal utility district created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated November 12, 2003, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within the extraterritorial jurisdiction of the City of Houston, Texas ("Houston" or the "City").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to construct thoroughfare, arterial and collector roads and improvements in aid thereof and to establish parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. The District is also empowered to contract for or employ its own peace officers and, after approval by the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Houston which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, road, recreational, and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District's system are subject to the regulatory jurisdiction of additional government agencies. See "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM."

Location of District

The District presently contains approximately 925 acres of land and is located in northeastern Fort Bend County approximately 26 miles southwest of downtown Houston, Texas. Access to the District is provided via the Westpark Tollway and State Highway 99 ("Grand Parkway"). Generally, the District is bordered on the south by Bellaire Boulevard, on the north by F.M. 1093 ("Westheimer Road"), on the west by F.M. 723 and on the east by Canal Road. See "AERIAL PHOTOGRAPH" herein.

Land Use

The District is being developed as Lakes of Bella Terra and Lakes of Bella Terra West, predominantly single-family residential communities. Development of Lakes of Bella Terra began in 2006 and development of Lakes of Bella Terra West began in late 2017. At full development, Lakes of Bella Terra and Lakes of Bella Terra West are projected to include single-family, multifamily and commercial development. The District currently includes approximately 594.5 developed acres of single-family residential development (2,097 lots), approximately 61 acres of school sites, which are not subject to ad valorem taxation by the District, approximately 7.5 acres developed as recreation centers/parks and open spaces, approximately 15 acres on which a 342-unit apartment complex has been constructed, approximately 13 acres of commercial development upon which a day care center, gas station, convenience store, Service King, Enterprise Rent-A-Car, Quick Lane, and a retail/mixed-use center have been constructed, approximately 28 acres served with trunk facilities for future commercial development, and approximately 201 acres which are undevelopable (drainage easements, right-of-ways, District plant sites, detention areas and drill sites). The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots
Lakes of Bella Terra:		
Section 1	28	84
Section 2	22	98
Section 3	20	110
Section 5	11	24
Section 6	17	34
Section 7	15	28
Section 8	21	35
Section 9	21	59
Section 10	9	17
Section 11	10	23
Section 12	10	53
Section 13	12	37
Section 14	14	57
Section 15	21	61
Section 16	16	47
Section 17	12	47
Section 18	18	75
Section 19	6	18
Section 20	3	11
Section 21	15	74
Section 22	28	42
Section 23	2	12
Section 24	3	12
Section 25	16	42
Section 26	13	60
Section 27	11	41
Section 28	5	38
Section 29	5	40
Section 30	10	37
Section 31	8	35
Section 32	17	58
Section 33	14	61
Section 34	10	48
Section 35	9	36
Section 36	6	24
Section 37	13	50
Section 38	9	41
Lakes of Bella Terra West:		
Section 1	29	101
Section 2	15	63
Section 3	49.5 (a)	163
Section 4	21	101
Single Family Subtotal	594.5	2,097
Schools (Tax Exempt)	61	---
Recreation Centers/Parks and Open Spaces	7.5	---
Multi-Family (342 units)	15	---
Commercial (b)	46	---
Non-Developable (c)	201	---
	925	2,097

(a) Original plat of 51 acres which includes an additional 1.5 acres which represents the recreation facilities in Lakes of Bella Terra West.
(b) Includes approximately 13 acres upon which a day care center, gas station, convenience store, Service King, Enterprise Rent-A-Car, Quick Lane, and a retail/mixed-use center have been constructed.
(c) Includes drainage easements, right-of-ways, District plant sites, detention areas and drill sites.

Status of Development

Single-Family Residential: Home construction in the District began in 2007, and as of January 5, 2021, the District contained 1,945 single-family homes completed and occupied, 4 single-family homes completed and not occupied, 86 single-family homes in various stages of construction and 62 vacant developed lots.

Homebuilding: Homebuilders actively conducting building programs within the District are Ashton Woods, Chesmar Homes, D.R. Horton, Masterpiece Homes by David Powers, K. Hovnanian of Houston, Perry Homes, Sitterle Homes, Residential Completion II and Partners in Building. New homes in the District range in price from approximately $170,000 to in excess of $1,000,000.

Multi-Family & Commercial: Parkside Bella Terra, a 342-unit apartment complex, has been constructed on approximately 15 acres within the District. In addition, a day care center, a gas station, convenience store, Enterprise Rent-A-Car, Quick Lane, Service King, and a retail/mixed-use center have been constructed on approximately 13 acres.

Community Facilities and Schools: The District contains three recreation centers on approximately 7.5 acres, which includes a clubhouse, fitness centers, meeting facilities, open air pavilions and entertainment areas, in addition to a junior olympic-size pool, resort-style swimming pools, splash pads, kiddie pools, tennis courts, and a volleyball court. Additional amenities within the boundaries of the District include lakes, hiking trails, dog parks, a soccer field, fishing ponds and playgrounds.

Additionally, the District contains two schools: Joe A. Hubenak Elementary School, a Lamar Consolidated Independent School District school, on approximately 13 acres of land, and Westlake Preparatory Lutheran Academy, on approximately 22 acres of land. Westlake Preparatory Lutheran Academy also owns an additional 26 acres of undeveloped land in the District. Neither the schools nor the land owned by the schools is subject to ad valorem taxation by the District.

Community facilities are available in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities, and other retail and service establishments, are located within one-half mile of the District along and adjacent to US Highway 99 (the Grand Parkway). Fire protection is provided by Fulshear Volunteer Fire Department. Police protection is provided by Fort Bend County. Children residing within the District attend schools within the Lamar Consolidated Independent School District.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Four of the Directors listed below reside within the District, and the remaining Director owns a small parcel of land within the District subject to a Note and Deed of Trust in favor of LOB. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held only in even numbered years. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Dennis Harper	President	May 2022
Harry Hernandez	Vice President/Treasurer	May 2024
Donna McClure	Secretary	May 2022
Philip Scott	Asst. Secretary	May 2022
Bill Frank	Asst. Vice President	May 2024

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by Fort Bend Central Appraisal District. The District contracts with Assessments of the Southwest, Inc. to serve as Tax Assessor/Collector.

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

System Operator

The District contracts with Municipal District Services for maintenance and operation of the District's system (the “System Operator”).

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Benchmark Engineering Corporation (the "Engineer").

Attorney

The District engages Allen Boone Humphries Robinson LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be paid the Financial Advisor 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 on the sale and delivery of the Bonds.

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's financial statements for the fiscal year ending June 30, 2020 were audited by the independent account firm of McCall Gibson Swedlund Barfoot, PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the audited financial statement of the District as of June 30, 2020.

THE DEVELOPERS

Role of a Developer

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

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

L.O.B. Limited Partnership

The developer of most of the land within the District is L.O.B. Limited Partnership, a Texas limited partnership, ("LOB"), created for the sole purpose of developing its land in the District. The general partner of LOB is Ryko Development, Inc., a Virginia corporation. The limited partners are Fontana, Inc. and Montabello, Inc., each a Texas corporation. LOB continues to own approximately 7.5 acres of land to be developed within the District.

LOB West, Inc.

LOB West, Inc. ("LOB West") has developed Lakes of Bella Terra West, Section 1 through 4 (428 lots on approximately116 acres). LOB West owns no remaining land to be developed within the District.

Other Property Owner

Approximately 20 acres of commercial tracts in the District are owned by an individual and various other entities.

ROAD SYSTEM

Several arterial/collector streets which lie within or near the boundaries of the District have been financed with the proceeds of the Outstanding Bonds. They include Bellaire Boulevard, Katy-Gaston Road, Bella Terra Boulevard, West Torino Reale Drive, East Torino Reale Drive, Via Venezia Blvd., Via Mazzini Way, S. Lugano Verde Drive, Bellagio Drive, Rancho Bella Parkway, Mirandola Lane, Bella Terra Parkway, and Bella Terra Center Way. Bond proceeds will be used to finance the construction and paving of additional arterial/collector streets that serve the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

All roadways are designed and constructed in accordance with Fort Bend County, Texas (the "County") and City standards, rules and regulations. Upon acceptance by the County or the Texas Transportation Commission ("TxDOT"), as applicable, of roadways or roadway facilities, the County or TxDOT, as applicable, is responsible for operation and maintenance thereof. The road sound wall facilities constructed by the District are operated and maintained by the District.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are located within the right-of-way or easement dedicated to the District. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

Joint Facilities and Cost Sharing Agreement

The District and Fort Bend County Municipal Utility District No. 132 ("No. 132") entered into an agreement, effective July 20, 2016, by which the District and No. 132 share the operation and maintenance costs related to certain road, drainage, street lighting, detention, irrigation, and landscaping facilities for Bellaire Boulevard and Rancho Bella Parkway, on a 50-50 basis except for certain road drainage facilities which are split based on the proportion of each district's acreage to the total acreage in both districts.

WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then-current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City of Houston, Fort Bend County and, in some instances, the Commission. Fort Bend County and the City also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District is serviced by a 12" surface water supply line from the North Fort Bend Water Authority (the "Authority"). See "—Subsidence and Conversion to Surface Water Supply" below. In addition, the District is served by one water plant, which consists of one 1,650 gallon per minute ("gpm") well, 960,000-gallon ground storage tank capacity, 7,200 gpm booster pump capacity, two 20,000 gallon hydropneumatic pressure tanks, a 30,000-gallon hydropneumatic pressure tank and related appurtenances. The District received an exception from the Commission from providing elevated storage facilities in June 2018. According to the District's Engineer, the District's facilities have capacity to serve 3,590 equivalent single-family connections ("ESFCs").

The District shares capacity in the water plant with No. 132, located adjacent to the District. See "—Joint Facilities and Cost Sharing Agreements" below.

The District has a water supply interconnect with Fort Bend County Municipal Utility District No. 50, which allows water supply service between the parties on an emergency basis.

Subsidence and Conversion to Surface Water Supply: The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2005, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County (including the District) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority's GRP.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees imposed on the District for groundwater pumped by the District), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District, and a fee per 1,000 gallons based on the amount of surface water received from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2014; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a disincentive fee penalty per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to continue passing such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

Source of Wastewater Treatment: The District's wastewater treatment is provided by an interim wastewater treatment plant for which construction of the Phase IV expansion was completed in August 2018 and provides 1,015,000 gallons per day ("gpd") of capacity. The plant's current wastewater capacity is capable of serving a total of 3,383 ESFCs based on Commission-approved design criteria of 300 gpd/ESFC.

The District currently leases the interim wastewater treatment plant from AUC Group, L.P. ("AUC"). The plant became operational in December 2007 and was expanded in May 2014, August 2016, and August 2018. Pursuant to the lease agreements between the District and AUC, the District is obligated to make lease payments to AUC during the term of the leases. These lease payments, and capacity in the interim wastewater treatment plant, will be shared between the District and No. 132 in accordance with an agreement between the districts. The current lease payment is $39,400 per month. AUC has indicated its willingness to sell the leased facilities to the District if the District desires to purchase the facilities. The District makes no representation whether it will purchase the facilities. The District must continue to expand the interim plant and/or construct a permanent plant in order to complete the balance of the development in No. 132. See "—Joint Facilities and Cost Sharing Agreements" below.

Off-site Drainage: For property that is being developed, the District has entered into contracts with Fort Bend County Levee Improvement District No. 12 ("LID 12") for the purpose of utilizing the outfall improvements to Clodine Ditch and Long Point Slough, which have been constructed by LID 12. The District, or the developers on behalf of the District, has purchased capacity in LID 12 outfall improvements at a fee of $1,100 per acre of property developed. The District also agreed to pay its pro rata share of actual costs incurred by LID 12 for maintenance of the outfall improvements. None of the property within the District lies within LID 12; therefore, property within the District is not subject to taxation by LID 12.

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to the Engineer, no land within the District is located within the 100-year flood plain as designated by the most recent FEMA FIRM dated January 2, 1997. All of the land in the District which has been developed is outside the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather."

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

Joint Facilities and Cost Sharing Agreements

Wastewater Treatment Plant Facilities:

Effective July 20, 2016, the District and No. 132 entered into an amended and restated agreement (the "Sewer Agreement") regarding construction, operation, and maintenance of wastewater treatment plant facilities currently or hereafter leased or acquired by the District (the "Sewer Plant").

With the Phase IV expansion of the Sewer Plant now completed, the District has 2,570 ESFCs of sewer capacity in the Sewer Plant, which, according to the Engineer, is adequate to complete development within the District. Under the Sewer Agreement, No. 132 may require the District, at No. 132's cost, to perform additional expansions after Phase IV to serve No. 132. With completion of the Phase IV expansion of the Sewer Plant, No. 132 currently has 243,900 gpd (813 ESFCs) of capacity in the Sewer Plant.

The costs of the Sewer Plant are shared by the District and No. 132, as more fully set forth in the Sewer Agreement. In general, capital costs and lease payments are shared based upon the percentage of capacity owned, and operation and maintenance costs are shared based on the proportion of each district's number of active sewer connections to the total number of active connections of both districts.

Water Plant Facilities:

Effective July 20, 2016, the District and No. 132 entered into an agreement which was subsequently amended (as amended, the "Water Agreement") pursuant to which No. 132 purchased 825 ESFCs of water capacity in the District's water plant facilities (the "Water Plant") to serve a portion of land within No. 132.

The costs of the Water Plant are shared by the District and No. 132, as more fully set forth in the Water Agreement. In general, operation and maintenance costs are shared based on the proportion of each district's metered water usage to the total metered water usage of both districts.

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USE AND DISTRIBUTION OF BOND PROCEEDS

A portion of the proceeds from the sale of the Bonds will be used to pay for the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds. The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $2,117,617 is estimated for construction costs, and $552,383 is estimated for nonconstruction costs as detailed below:

CONSTRUCTION COSTS		
Katy Gaston/Via Mazzini/Una/Due/Tre Strada ………………………………………….	$	1,436,019
Via Mazzini Way Street Dedication Section Two - Lakes of Bella Terra…………………		349,556
Parks and Recreation Project within Road Right-of-Way - Lakes of Bella Terra……….		118,555
Land Costs related to Katy Gaston/Via Mazzini/Una/Due/Tre Strada …………………		219,277
Via Mazzini Section Two - Lakes of Bella Terra West……………………………………		7,760
Lakes of Bella Terra West, Section 4……………………………………………………….		24,555
Parks and Recreation Project within Road Right-of-Way - Lakes of Bella Terra West ..		22,600
Engineering…………………………………………………………………………		264,295
Surplus Funds………………………………………………………………………		(325,000)
Total Construction Costs	**$**	**2,117,617**
NON-CONSTRUCTION COSTS		
Legal Fees…………………………………………………………………………	$	80,100
Financial Advisory Fees……………………………………………………………...		53,400
Developer Interest (estimated)……………………………………………………….		273,591
Bond Discount………………………………………………………………………		980
Bond Issuance Expenses…………………………………………………………….		62,522
Attorney General Fee………………………………………………………………..		2,670
Contingency (a)…………………………………………………………………….		79,120
Total Non-Construction Costs	**$**	**552,383**
TOTAL BOND ISSUE	**$**	**2,670,000**

(a) Represents surplus funds resulting from the sale of the Bonds at a lower bond discount than estimated and can be used for purposes allowed.

Future Debt

LOB has financed the engineering and construction costs of underground utilities to serve commercial development along Via Mazzini Way, as well as certain other District improvements. As of January 1, 2021 and after reimbursement from the Bonds, LOB will have expended approximately $2,200,000 for design, construction and acquisition of District water, sanitary sewer and drainage facilities not yet reimbursed and approximately $10,900,000 for recreational facilities not yet reimbursed.

LOB West has financed the engineering and construction costs of underground utilities to service Lakes of Bella Terra West, Sections 1 through 4, as well as certain other District improvements. As of January 1, 2021 and after reimbursement from the Bonds, LOB West will have expended approximately $6,600,000 for design, construction and acquisition of District water, sanitary sewer and drainage facilities and $1,900,000 for design, construction and acquisition of District park and recreational facilities not yet reimbursed.

It is anticipated that proceeds from future issues of District bonds will be used, in whole or in part, to reimburse the Developers for these costs. The District makes no representation that any additional development will occur within the District. According to the Engineer, the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
11/07/2006	Water, Sanitary Sewer and Drainage ("WS&D")	$116,000,000	$70,405,000	$45,595,000
11/07/2006	Recreational	$12,000,000	$-0-	$12,000,000
11/07/2006	Refunding	$75,000,000	$1,430,000	$73,570,000
5/12/2007	Roads and Refunding of Road Bonds	$41,345,000	$23,720,000*	$17,625,000*

* Includes the Bonds.

FINANCIAL STATEMENT

2020 Certified Taxable Assessed Valuation	$665,998,532 (a)
Estimated Taxable Assessed Valuation as of January 1, 2021	$710,781,042 (b)
Gross Debt Outstanding (after the issuance of the Bonds)	$81,475,000
Ratios of Gross Debt to:	
2020 Certified Taxable Assessed Valuation	12.23%
Estimated Taxable Assessed Valuation as of January 1, 2021	11.46%

Area of District — 925 acres
Estimated 2021 Population — 7,491 (c)

(a) As certified by the Appraisal District. See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on January 1, 2021. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
(c) Estimate based on 3.5 persons per occupied single-family connection and 2 persons per multi-family unit.

Cash and Investment Balances (unaudited as February 10, 2021)

General Fund	Cash and Temporary Investments	$8,253,891	
Water, Sewer and Drainage Debt Service Fund	Cash and Temporary Investments	$5,805,504	(a)
Water, Sewer and Drainage Capital Projects Fund	Cash and Temporary Investments	$1,183,918	
Road Debt Service Fund	Cash and Temporary Investments	$1,655,017	(b)
Road Capital Projects Fund	Cash and Temporary Investments	$326,194	(c)

(a) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the District's bonds issued for water, sanitary sewer and drainage facilities and are not available to pay debt service on the District's bonds issued for road facilities (including the Bonds). Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the Water, Sewer and Drainage Debt Service Fund. Includes funds for the March 1, 2021 interest payment of $901,384.
(b) Funds in the Road Debt Service Fund are available to pay debt service on the District's bonds issued for road facilities (including the Bonds) and are not available to pay debt service on the District's bonds issued for water, sanitary sewer and drainage facilities. Neither Texas law nor any bond resolution (including the Bond Resolution) requires the District to maintain any minimum balance in the Road Debt Service Fund. Includes funds for the March 1, 2021 interest payment of $239,428.
(c) The District will use $325,000 in surplus road construction funds in connection with the Bonds.

Outstanding Bonds (as of February 1, 2021)

Series	Original Principal Amount	Outstanding Bonds (as of 2/1/21)
2009	$ 7,100,000	$ -
2010	2,185,000	-
2011 (a)	2,300,000	-
2012 (a)	2,465,000	-
2012A (a)	2,600,000	-
2013 (a)	1,330,000	1,100,000
2014	12,590,000	10,090,000
2015	11,800,000	9,300,000
2016 (b)	7,180,000	6,090,000
2016 (a)	4,700,000	3,800,000
2017	15,000,000	13,500,000
2018	10,400,000	8,900,000
2019 (a)	2,910,000	2,750,000
2019A (b)	1,880,000	1,795,000
2019B	5,135,000	5,015,000
2020 (a)	4,575,000	4,575,000
2020A (c)	5,695,000	5,695,000
2020B	6,195,000	6,195,000
Total	$ 106,040,000	$ 78,805,000

(a) Unlimited Tax Road Bonds.
(b) Unlimited Tax Refunding Bonds.
(c) Unlimited Tax Road Refunding Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Fort Bend County…………………………………	$ 664,849,310	12/31/2020	0.87%	$ 5,784,189
Lamar Consolidated ISD…………………………….	1,138,945,000	12/31/2020	3.91%	44,532,750
Total Estimated Overlapping Debt…………………				$ 50,316,938
The District…………………………………………….	81,475,000 (a)	Current	100.00%	81,475,000
Total Direct and Estimated Overlapping Debt……..				$ 131,791,938

Ratio of Estimated Direct and Overlapping Debt to 2020 Certified Taxable Assessed Valuation……………………	19.79%
Ratio of Estimated Direct and Overlapping Debt to Estimated Taxable Assessed Valuation as of 1/1/2021…………	18.54%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2020

	2020 Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County (including Drainage District)…………	$ 0.453207
Fort Bend County ESD No. 4………………………………	0.100000
Lamar Consolidated ISD……………………………………	1.269100
Total Overlapping Tax Rate………………………………	$ 1.822307
The District…………………………………………………	1.290000
Total Tax Rate………………………………………………	$ 3.112307

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of February 10, 2021 (a)	
				Amount	Percent
2015	$ 342,186,407	$ 1.430	$ 4,895,579	$ 4,890,911	99.90%
2016	449,146,873	1.430	6,424,972	6,419,962	99.92%
2017	509,294,382	1.410	7,181,051	7,176,259	99.93%
2018	539,542,779	1.390	7,499,645	7,494,840	99.94%
2019	604,774,861	1.360	8,224,936	8,213,387	99.86%
2020	665,608,904	1.290	8,586,355	8,224,011	95.78%

(a) Unaudited.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.94	$ 0.94	$ 0.94	$ 0.94	$ 0.94
Maintenance and Operations	0.35	0.42	0.45	0.47	0.49
Total	$ 1.29	$ 1.36	$ 1.39	$ 1.41	$ 1.43

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.50 per $100 of taxable assessed valuation.
Maintenance and Operations for Roads: $0.25 per $100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2020 in the amount of $0.94 per $100 of taxable assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 7, 2006, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.50 per $100 of taxable assessed valuation. In addition, on May 12, 2007, the Board was authorized to also levy a maintenance tax for operation and maintenance of roads in an amount not to exceed $0.25 per $100 of taxable assessed valuation. Such maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds. For the 2020 tax year, the District levied a tax for maintenance and operations in the amount of $0.35 per $100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2021, the District adopted an exemption of $20,000 of the appraised value of a residential homestead of persons who are disabled or 65 years of age or older. The District does not grant a general homestead exemption.

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the 2020 Certified Taxable Assessed Valuation of $665,608,904. This represents ownership as of January 1, 2020. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of January 1, 2021 of $710,781,042, is not available from the Appraisal District.

Taxpayer	Type of Property	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
BRE Bella Terra MF Owner LP	Apartments	$ 32,104,380	4.82%
EAN Holdings LLC	Personal Property	3,122,120	0.47%
Partners in Building LP	Land & Improvements	2,897,160	0.44%
Qland LLC	Land	2,513,812	0.38%
Westpark SK LLC	Land & Improvements	2,173,710	0.33%
Centerpoint Energy Electric	Electric Utility	1,917,380	0.29%
24414 Mirandola LLC	Land	1,815,390	0.27%
LOB Limited Partnership	Land & Improvements	1,509,490	0.23%
Gaston Real Estate Holdings LLC	Land & Improvements	1,398,117	0.21%
Individual	Land & Improvements	1,396,450	0.21%
Total		$ 50,848,009	7.64%

Summary of Assessed Valuation

The following summary of the 2020, 2019 and 2018 Certified Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2020, 2019 and 2018 certified tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data. A breakdown related to the Estimated Taxable Assessed Valuation as of January 1, 2021, of $710,781,042, is not available from the Appraisal District.

	2020 Taxable Valuation	2019 Taxable Valuation	2018 Taxable Valuation
Land	$ 148,499,760	$ 148,146,940	$ 123,513,450
Improvements	549,158,057	492,310,243	446,756,864
Personal Property	6,843,606	5,408,140	4,064,340
Exemptions	(38,892,519)	(41,090,462)	(34,791,875)
Total Certified	$ 665,608,904	$ 604,774,861	$ 539,542,779

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2020 Certified Taxable Assessed Valuation or Estimated Taxable Assessed Valuation as of January 1, 2021, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements and maximum annual debt service requirements on the Outstanding Bonds and the Bonds.

Average annual debt service requirement (2021-2039) $5,374,614
$0.85 tax rate on the 2020 Certified Taxable Assessed Valuation of $665,998,532 at a 95% collection rate produces $5,377,938
$0.80 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2021 of $710,781,042 at a 95% collection rate produces $5,401,936

Average annual debt service requirement (2021-2044) $4,483,111
$0.71 tax rate on the 2020 Certified Taxable Assessed Valuation of $665,998,532 at a 95% collection rate produces $4,492,160
$0.67 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2021 of $710,781,042 at a 95% collection rate produces $4,524,121

Maximum annual debt service requirement (2022) $6,061,200
$0.96 tax rate on the 2020 Certified Taxable Assessed Valuation of $665,998,532 at a 95% collection rate produces $6,073,907
$0.90 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2021 of $710,781,042 at a 95% collection rate produces $6,077,178

No representation or suggestion is made that the estimates of values of land and improvements provided by the Appraisal District as of January 1, 2021 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

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

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

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2020." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

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WATER AND SEWER OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for fiscal years June 30, 2016 through 2020. Reference is made to such statements and records for further and more complete information.

	Fiscal Year Ended June 30					
	2020	2019		2018	2017	2016
Revenues						
Property Taxes	$ 2,533,936	$ 2,427,532		$ 2,393,424	$ 2,184,372	$ 1,668,281
Water Service	791,631	734,888		698,550	666,406	615,927
Wastewater Service	855,052	794,332		742,918	686,881	594,241
Water Authority Assessment Fee	935,531	738,514		652,960	582,644	506,308
Penalty and Interest	29,112	34,146		26,816	33,857	30,046
Tap Connection and Inspection Fees	367,620	183,558		195,778	176,716	208,032
Investment Revenues	81,986	120,343		48,476	6,476	3,681
Miscellaneous	39,332	74,913		36,822	405,471	59,913
Total Revenues	$ 5,634,200	$ 5,108,226		$ 4,795,744	$ 4,742,823	$ 3,686,429
Expenditures						
Professional Fees	$ 242,308	$ 373,444		$ 250,030	$ 283,582	$ 422,822
Contracted Services	635,847	560,628		346,210	307,444	279,619
Purchased Water Service	1,124,038	808,663		773,413	644,951	492,522
Purchased Wastewater Service	752,013	717,549		429,577	360,527	-
Lease Costs (a)	-	-		266,300	277,200	84,800
Water Authority Assessment	116,399	85,088		166,732	126,384	111,603
Repairs and Maintenance	735,987	1,063,752	(b)	611,540	603,190	656,853
Utilities	132,426	100,923		94,176	80,778	191,944
Other	352,839	264,000		222,045	210,082	337,009
Capital Outlay	169,960	884,520	(c)	151,914	416,904	292,323
Total Expenditures	$ 4,261,817	$ 4,858,567		$ 3,311,937	$ 3,311,042	$ 2,869,495
Revenues Over (Under) Expenditures	$ 1,372,383	$ 249,659		$ 1,483,807	$ 1,431,781	$ 816,934
Other Sources						
Contribution from Water Authority	$ -	$ 72,484		$ -	$ -	$ -
Transfers In (Out)	-	-		-	70,357	-
Fund Balance (Beginning of Period)	$ 6,206,922	$ 5,884,779		$ 4,400,972	$ 2,898,834	$ 2,081,900
Fund Balance (End of Period)	$ 7,579,305	$ 6,206,922		$ 5,884,779	$ 4,400,972	$ 2,898,834

(a) Upon completion of the Phase IV expansion of the wastewater treatment plant, all lease costs for the entire wastewater treatment plant, as expanded, are shared based upon the percentage of capacity owned by the District and No. 132 in accordance with the Sewer Agreement. See "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM—Joint Facilities and Cost Sharing Agreements—Wastewater Treatment Plant Facilities" and "—Water, Sanitary Sewer and Drainage Facilities—Source of Wastewater Treatment" above. These lease costs, among other shared costs, are reflected in a special revenue fund for operation of the wastewater treatment plant, and the District's portion of such shared costs are included within the Purchased Wastewater Service line item. See "APPENDIX A".

(b) Includes expenditures related to improvements and rehabilitation of District electrical systems.

(c) Includes expenses related to offsite storm sewer, detention basin and fountain improvements.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the District's outstanding debt and the Bonds.

Year	Current Debt Service Requirements	Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2021	$ 5,861,625		$ 20,740	$ 20,740	$ 5,882,365
2022	5,811,425	$ 200,000	49,775	249,775	6,061,200
2023	5,781,225	200,000	45,775	245,775	6,027,000
2024	5,738,700	150,000	41,775	191,775	5,930,475
2025	5,707,200	125,000	40,275	165,275	5,872,475
2026	5,677,975	125,000	39,025	164,025	5,842,000
2027	5,643,969	125,000	37,775	162,775	5,806,744
2028	5,588,344	125,000	35,275	160,275	5,748,619
2029	5,524,450	120,000	32,775	152,775	5,677,225
2030	5,478,038	100,000	30,375	130,375	5,608,413
2031	5,461,694	100,000	28,375	128,375	5,590,069
2032	5,391,400	100,000	26,375	126,375	5,517,775
2033	5,289,781	100,000	24,375	124,375	5,414,156
2034	5,196,525	100,000	22,375	122,375	5,318,900
2035	4,979,813	100,000	20,375	120,375	5,100,188
2036	4,752,113	100,000	18,375	118,375	4,870,488
2037	4,585,638	100,000	16,375	116,375	4,702,013
2038	3,998,000	100,000	14,375	114,375	4,112,375
2039	2,922,813	100,000	12,375	112,375	3,035,188
2040	2,235,469	100,000	10,375	110,375	2,345,844
2041	1,344,031	100,000	8,375	108,375	1,452,406
2042	906,344	100,000	6,375	106,375	1,012,719
2043	459,656	100,000	4,250	104,250	563,906
2044	-	100,000	2,125	102,125	102,125
Total	$ 104,336,225	$ 2,670,000	$ 588,440	$ 3,258,440	$ 107,594,665

Average Annual Debt Service Requirements (2021-2039)..$5,374,614
Average Annual Debt Service Requirements (2021-2044)..$4,483,111
Maximum Annual Debt Service Requirements (2022) $6,061,200

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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

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

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

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

Potential Effects of Oil Price Declines on the Houston Area

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

Extreme Weather

The greater Houston area is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

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

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

Specific Flood Type Risks

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

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots which are owned by the Developers or homebuilders. The market value of such properties is related to general economic conditions affecting the demand for properties. Demand for commercial projects and lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates, at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 26 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and a decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 26 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the homebuilders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers or the homebuilders will be implemented or, if implemented, will be successful.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 Certified Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT") is $665,998,532. After issuance of the Bonds, the maximum annual debt service requirement will be $6,061,200 (2022) and the average annual debt service requirements will be $5,374,614 (2021-2039) and $4,483,111 (2021-2044). Assuming no increase or decrease from the 2020 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.96 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $6,061,200 and tax rates of $0.85 and $0.71 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirements of $5,374,614 and $4,483,111, respectively (see "TAX DATA—Tax Adequacy for Debt Service"). The Estimated Taxable Assessed Valuation as of January 1, 2021 within the District is $710,781,042. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of January 1, 2021 and no use of funds other than tax collections, tax rates of $0.90, $0.80, and $0.67 per $100 assessed valuation would be necessary to pay the maximum annual requirement and average annual requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2020 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of January 1, 2021, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $17,625,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing road facilities and refunding such bonds authorized but unissued after issuance of the Bonds. The District may also issue the remaining $45,595,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, the remaining $12,000,000 principal amount of authorized but unissued unlimited tax bonds for recreational facilities, and the remaining $73,570,000 principal amount of authorized but unissued unlimited tax bonds for refunding of bonds. The District may issue additional bonds approved by District voters in future elections. The District anticipates selling additional bonds in the future. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt." The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities, but not road facilities or facilities in aid thereof, must be approved by the Commission.

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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

A district may not be forced into bankruptcy involuntarily.

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.

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 developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. 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.

<u>Water Supply & Discharge Issues</u>: 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 became 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.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution 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."

Marketability

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

Changes in Tax Legislation

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

LEGAL MATTERS

Legal Proceedings

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 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 tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT—General," "ROAD SYSTEM—Joint Facilities and Cost Sharing Agreement," "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM—Joint Facilities and Cost Sharing Agreements," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2021 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2021.

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 99.9633% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 1.973117% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

Securities Laws

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") will assign a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). Moody's Investor Service ("Moody's") has also assigned an underlying rating of "A3" to the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Build America Mutual Assurance Company

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $485.4 million, $160.7 million and $324.7 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" – L.O.B. Limited Partnership and LOB West, Inc. ("Developers"), Benchmark Engineering Corporation ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS" – Developers; "ROAD SYSTEM" – Engineer; "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM" - Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT" - Fort Bend Central Appraisal District and Assessments of the Southwest, Inc., Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" – Assessments of the Southwest, Inc.; "MANAGEMENT" - District Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAX PROCEDURES," and "LEGAL MATTERS" - Allen Boone Humphries Robinson LLP.

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

Consultants

In approving this Official Statement the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT," "ROAD SYSTEM," and "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM" has been provided by Benchmark Engineering Corporation and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Fort Bend Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Fort Bend County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Assessments of the Southwest, Inc., and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending June 30, 2020 were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended June 30, 2020.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," and "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Financial Statements of the District and certain supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2021. Any financial statements provided by the District shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable year to the MSRB within such six-month period and audited financial statements when the audit becomes available.

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

Event Notices

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

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

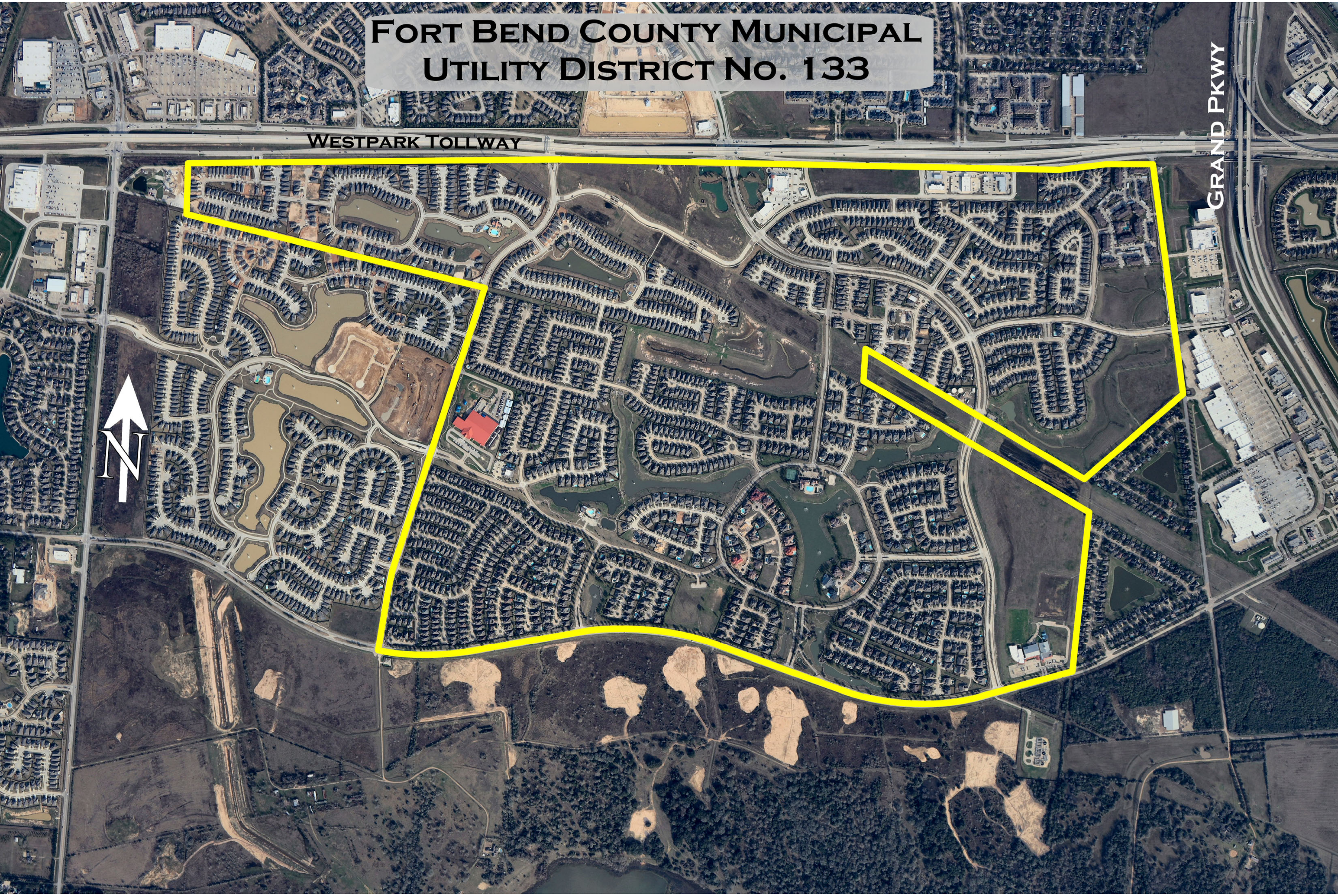
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 133, as of the date shown on the cover page.

/s/ *Dennis Harper*
President, Board of Directors
Fort Bend County Municipal Utility District No. 133

ATTEST:

/s/ *Donna McClure*
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 133

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of February 2021)



Fort Bend County Municipal
Utility District No. 133
Westpark Tollway
Grand Pkwy
N

PHOTOGRAPHS OF THE DISTRICT
(Taken February 2021)


ALLORA
BELLA TERRA
FIRE LANE


enterprise
rent-a-car
23311


Quick Lane
TIRE & AUTO CENTER
Quick Lane
TIRE & AUTO CENTER


ServiceKing
COLLISION

APPENDIX A

District Audited Financial Statements for the fiscal year ended June 30, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 133
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 133 (the "District"), as of and for the year ended June 30, 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Directors
Fort Bend County Municipal
Utility District No. 133

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 11, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 133's (the "District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has five governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund – Water Facilities accounts for the activities related to the joint water facilities shared with Fort Bend County Municipal Utility District No. 132. The Special Revenue Fund – Wastewater Facilities Operating accounts for the operating activities related to the joint wastewater facilities shared with Fort Bend County Municipal Utility District No. 132.

FUND FINANCIAL STATEMENTS (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by $21,849,172 as of June 30, 2020.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 18,686,875	$ 16,645,160	$ 2,041,715
Capital Assets (Net of Accumulated Depreciation)	61,719,224	59,691,240	2,027,984
Total Assets	$ 80,406,099	$ 76,336,400	$ 4,069,699
Deferred Outflows of Resources	$ 1,096,886	$ 930,310	$ 166,576
Due to Developer	$ 24,924,655	$ 27,476,369	$ 2,551,714
Long -Term Liabilities	76,724,758	68,996,438	(7,728,320)
Other Liabilities	1,702,744	1,296,247	(406,497)
Total Liabilities	$ 103,352,157	$ 97,769,054	$ (5,583,103)
Net Position:			
Net Investment in Capital Assets	$ (37,469,487)	$ (33,573,941)	$ (3,895,546)
Restricted	8,078,088	7,084,284	993,804
Unrestricted	7,542,227	5,987,313	1,554,914
Total Net Position	$ (21,849,172)	$ (20,502,344)	$ (1,346,828)

The following table provides a summary of the District's operations for the years ended June 30, 2020, and June 30, 2019. The District's net position decreased by $1,346,828.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 8,229,509	$ 7,485,032	$ 744,477
Charges for Services	3,638,386	2,996,391	641,995
Other Revenues	218,609	515,914	(297,305)
Total Revenues	$ 12,086,504	$ 10,997,337	$ 1,089,167
Expenses for Services	13,433,332	14,556,807	1,123,475
Change in Net Position	$ (1,346,828)	$ (3,559,470)	$ 2,212,642
Net Position, Beginning of Year	(20,502,344)	(16,942,874)	(3,559,470)
Net Position, End of Year	$ (21,849,172)	$ (20,502,344)	$ (1,346,828)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2020, were $17,470,218, an increase of $1,715,641 from the prior year.

The General Fund fund balance increased by $1,372,383, primarily due to tax and service revenues exceeding operating and capital costs.

The Special Revenue – Water Facilities is revenue neutral. Costs incurred are billed to the respective participates on a monthly basis.

The Special Revenue Fund – Wastewater Facilities Operating is revenue neutral as costs are billed to the respective participants on a monthly basis.

The Debt Service Fund fund balance increased by $1,081,758, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance decreased by $738,500, primarily due to capital costs from bond proceeds issued in the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the year to increase projected revenues and lower projected costs. Actual revenues were $19,364 less than budgeted revenues. Actual expenditures were $341,536 less than budgeted expenditures primarily due to lower than expected costs in most categories except professional fees, contracted services, purchased water costs and miscellaneous costs.

CAPITAL ASSETS

The District's capital assets as of June 30, 2020, amount to $61,719,224 (net of accumulated depreciation). These capital assets include the water, wastewater and drainage systems.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,791,517	$ 1,791,517	$
Construction in Progress	102,022	83,200	18,822
Capital Assets, Net of Accumulated Depreciation:			
Landscaping and Other Improvements	4,064,718	3,165,376	899,342
Water System	9,054,724	9,070,965	(16,241)
Wastewater System	17,445,793	16,565,070	880,723
Drainage System	28,447,838	28,459,361	(11,523)
Investment in Drainage Capacity	812,612	555,751	256,861
Total Net Capital Assets	$ 61,719,224	$ 59,691,240	$ 2,027,984

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of $76,800,000. The changes in the debt position of the District during the fiscal year ended June 30, 2020, are summarized as follows:

Bond Debt Payable, July 1, 2019	$ 69,300,000
Add: Bonds Sold	15,405,000
Less: Bond Principal Paid and Refunded	7,905,000
Bond Debt Payable, June 30, 2020	$ 76,800,000

The District's Series 2012A, Series 2013 and Series 2014 bonds carry an underlying rating of "BBB-" from Standard & Poor's. The Series 2015, Series 2016 Refunding, Series 2016, Series 2017, Series 2018, Series 2019, Series 2019A Refunding, Series 2019B, Series 2020 and Series 2020A Refunding bonds carry an underlying rating of "A3" from Moody's. The Series 2013 and Series 2014 bonds carry an insured rating of "AA" from Standard & Poor's from virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015, Series 2016 Refunding, Series 2017, Series 2018, Series 2019, Series 2019A Refunding, Series 2019B, Series 2020 and Series 2020A Refunding bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2016 bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The District's ratings of insured bonds are subject to change based on the changes in the ratings of the bond insurer and include all changes through June 30, 2020.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 133, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027-9944.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Special Revenue Fund - Water Facilities	Special Revenue Fund - Wastewater Facilities Operating
ASSETS			
Cash	$ 472,539	$ 261,198	$ 93,097
Investments	7,500,113		
Receivables:			
Property Taxes	51,786		
Penalty and Interest on Delinquent Taxes			
Service Accounts	160,251		
Due from Other Funds	21,474	268,238	
Prepaid Costs	15,850		39,400
Due from Other Governmental Unit			889
Advance for Water Plant Operations	133,075		
Advance for Wastewater Treatment Plant Operations	50,000		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 8,405,088	$ 529,436	$ 133,386
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	$ -0-	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,405,088	$ 529,436	$ 133,386

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,019,403	$ 328,635	$ 2,174,872	$	$ 2,174,872
7,619,750	974,555	16,094,418		16,094,418
108,000		159,786		159,786
			41,409	41,409
		160,251		160,251
1,430	8,625	299,767	(299,767)	
		55,250		55,250
		889		889
		133,075	(133,075)	
		50,000	(50,000)	
			1,791,517	1,791,517
			102,022	102,022
			59,825,685	59,825,685
$ 8,748,583	$ 1,311,815	$ 19,128,308	$ 61,277,791	$ 80,406,099
$ -0-	$ -0-	$ -0-	$ 1,096,886	$ 1,096,886
$ 8,748,583	$ 1,311,815	$ 19,128,308	$ 62,374,677	$ 81,502,985

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Special Revenue Fund - Water Facilities	Special Revenue Fund - Wastewater Facilities Operating
LIABILITIES			
Accounts Payable	$ 150,020	$ 148,978	$ 32,027
Accrued Interest Payable			
Due to Developers			
Due to Other Funds	278,293		1,359
Due to Taxpayers			
Due to Other Governmental Unit		114,308	
Security Deposits	345,684		
Accrued Interest at Time of Sale			
Advance for Water Plant Operations		266,150	
Advance for Wastewater Treatment Plant Operations			100,000
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	$ 773,997	$ 529,436	$ 133,386
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 51,786	$ -0-	$ -0-
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 15,850	$	$ 39,400
For Water Plant Operations	133,075		
For Wastewater Treatment Plant Operations	50,000		
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	7,380,380		(39,400)
TOTAL FUND BALANCES	$ 7,579,305	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,405,088	$ 529,436	$ 133,386
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
	$	$ 36,863	$ 367,888	$	$ 367,888
				690,775	690,775
				24,924,655	24,924,655
	20,115		299,767	(299,767)	
	1,014		1,014		1,014
			114,308		114,308
			345,684		345,684
	3,493		3,493	(3,493)	
			266,150	(133,075)	133,075
			100,000	(50,000)	50,000
				4,190,000	4,190,000
				72,534,758	72,534,758
	$ 24,622	$ 36,863	$ 1,498,304	$ 101,853,853	$ 103,352,157
	$ 108,000	$ -0-	$ 159,786	$ (159,786)	$ -0-
	$	$	$ 55,250	$ (55,250)	$
			133,075	(133,075)	
			50,000	(50,000)	
		1,274,952	1,274,952	(1,274,952)	
	8,615,961		8,615,961	(8,615,961)	
			7,340,980	(7,340,980)	
	$ 8,615,961	$ 1,274,952	$ 17,470,218	$ (17,470,218)	$ - 0 -
	$ 8,748,583	$ 1,311,815	$ 19,128,308		
				$ (37,469,487)	$ (37,469,487)
				8,078,088	8,078,088
				7,542,227	7,542,227
				$ (21,849,172)	$ (21,849,172)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds		$ 17,470,218
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		61,719,224
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		1,096,886
Deferred inflows of resources related to property tax tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		201,195
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (24,924,655)	
Accrued Interest Payable	(687,282)	
Bonds Payable	(76,724,758)	(102,336,695)
Total Net Position - Governmental Activities		$ (21,849,172)

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

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund - Water Facilities	Special Revenue Fund - Wastewater Facilities Operating
REVENUES			
Property Taxes	$ 2,533,936	$	$
Water Service	791,631	1,436,255	
Wastewater Service	855,052		995,899
Water Authority Assessment Fee	935,531		
Penalty and Interest	29,112		
Tap Connection and Inspection Fees	367,620		
Investment Revenues	81,986	358	212
Miscellaneous Revenues	39,332		
TOTAL REVENUES	$ 5,634,200	$ 1,436,613	$ 996,111
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 242,308	$ 15,841	$ 12,797
Contracted Services	635,847	21,000	35,101
Purchased Water Service	1,124,038		
Purchased Wastewater Service	752,013		
Lease Costs			472,800
Water Authority Surface Water/Assessment	116,399	1,231,376	
Repairs and Maintenance	735,987	93,619	154,818
Utilities	132,426	49,462	136,327
Depreciation			
Other	352,839	25,315	184,268
Capital Outlay	169,960		
Conveyance of Assets			
Debt Service:			
Bond Principal			
Bond and Developer Interest			
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES/EXPENSES	$ 4,261,817	$ 1,436,613	$ 996,111

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 5,666,770	$	$ 8,200,706	$ 28,803	$ 8,229,509
		2,227,886	(1,124,038)	1,103,848
		1,850,951	(752,013)	1,098,938
		935,531		935,531
100,062		129,174	3,275	132,449
		367,620		367,620
79,017	16,380	177,953		177,953
1,324		40,656		40,656
$ 5,847,173	$ 16,380	$ 13,930,477	$ (1,843,973)	$ 12,086,504
$ 20,265	$ 11,151	$ 302,362		$ 302,362
83,321		775,269		775,269
		1,124,038	(1,124,038)	
		752,013	(752,013)	
		472,800		472,800
		1,347,775		1,347,775
		984,424	1,915	986,339
		318,215		318,215
			2,166,349	2,166,349
12,838	231	575,491		575,491
	8,515,246	8,685,206	(8,685,206)	
			1,940,540	1,940,540
2,380,000		2,380,000	(2,380,000)	
2,211,504	1,099,570	3,311,074	187,085	3,498,159
226,389	823,644	1,050,033		1,050,033
64,000		64,000	(64,000)	
$ 4,998,317	$ 10,449,842	$ 22,142,700	$ (8,709,368)	$ 13,433,332

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund - Water Facilities	Special Revenue Fund - Wastewater Facilities Operating
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,372,383	$ -0-	$ -0-
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$	$
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Discount			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ 1,372,383		$
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JULY 1, 2019	6,206,922		
FUND BALANCES/NET POSITION - JUNE 30, 2020	$ 7,579,305	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 848,856	$ (10,433,462)	$ (8,212,223)	$ 6,865,395	$ (1,346,828)
$	$ 9,710,000	$ 9,710,000	$ (9,710,000)	$
5,695,000		5,695,000	(5,695,000)	
(5,555,567)		(5,555,567)	5,555,567	
	(32,038)	(32,038)	32,038	
93,469	17,000	110,469	(110,469)	
$ 232,902	$ 9,694,962	$ 9,927,864	$ (9,927,864)	$ -0-
$ 1,081,758	$ (738,500)	$ 1,715,641	$ (1,715,641)	$
			(1,346,828)	(1,346,828)
7,534,203	2,013,452	15,754,577	(36,256,921)	(20,502,344)
$ 8,615,961	$ 1,274,952	$ 17,470,218	$ (39,319,390)	$ (21,849,172)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds	$ 1,715,641
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	28,803
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	3,275
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(2,166,349)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	8,683,291
Governmental funds report bond discounts as other financing uses in the year paid and bond premiums as other financing sources in the year received. However, in the Statement of Net Position, the bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(78,431)
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.	(1,940,540)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	2,380,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(187,085)
Governmental funds report bond proceeds as other financing sources. However, issued bonds increase liabilities in the Statement of Net Position.	(15,405,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Positon.	5,619,567
Change in Net Position - Governmental Activities	$ (1,346,828)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 133 (the "District") was created by an Order of the Texas Commission on Environmental Quality (the "Commission") on November 12, 2003. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, construct roads, provide solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, if approved by the District's voters and the Commission, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its organizational meeting on June 15, 2004, and the first bonds were issued on March 26, 2009.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units. The District participates in joint ventures for the operation of water and wastewater facilities. Since the District exercises oversight responsibility of the respective facilities, the joint ventures are accounted for in Special Revenue Funds of the District. See Note 10 for additional disclosure.

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Governmental Funds

The District has five governmental funds and considers these funds to be major funds.

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

Special Revenue Fund - Water Facilities - To account for the operating activities related to the joint water facilities shared with Fort Bend County Municipal Utility District No. 132.

Special Revenue Fund - Wastewater Facilities Operating - To account for the operating activities related to the joint wastewater facilities shared with Fort Bend County Municipal Utility District No. 132.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2020, the Debt Service Fund owed the General Fund $20,115 for maintenance tax collections; the General Fund owed the Debt Service Fund $1,430 for an excess reimbursement of bond issuance costs; the General Fund owed the Capital Projects Fund $8,625

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

for an excess reimbursement of bond issuance costs; the General Fund owed the Special Revenue Fund – Water Facilities $268,238 for water service; and the Special Revenue Fund – Wastewater Facilities Operating owed the General Fund $1,359 for lease costs paid by the General Fund which exceeded what the General Fund owed for wastewater service at year end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

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. The original General Fund budget and Special Revenue Fund-Water Facilities budget for the current year were amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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 balances.

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2020:

	July 1, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	$ 69,300,000	$ 15,405,000	$ 7,905,000	$ 76,800,000
Unamortized Discounts	(315,449)	(32,038)	(150,969)	(196,518)
Unamortized Premiums	11,887	110,469	1,080	121,276
Total Bonds Payable, Net	$ 68,996,438	$ 15,483,431	$ 7,755,111	$ 76,724,758

Amount Due Within One Year	$ 4,190,000
Amount Due After One Year	72,534,758
Total Bonds Payable, Net	$ 76,724,758

The District's bonds payable at June 30, 2020, consists of the following unlimited tax bonds:

	Series 2011	Series 2012	Series 2012A	Series 2013
Amount Outstanding – June 30, 2020	$75,000	$100,000	$70,000	$1,145,000
Interest Rates	4.125%	3.20%	2.75%	3.00% - 5.00%
Maturity Date	September 1, 2020	September 1, 2020	September 1, 2020	September 1, 2020/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019 (1)	September 1, 2020 (1)	September 1, 2020 (1)	September 1, 2021 (1)

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2014	Series 2015	Refunding Series 2016	Series 2016	Series 2017
Amount Outstanding – June 30, 2020	$10,590,000	$9,800,000	$6,425,000	$4,000,000	$14,000,000
Interest Rates	2.00% - 4.00%	2.00% - 3.75%	2.00% - 3.50%	2.00% - 3.125%	2.00% - 3.50%
Maturity Date	September 1, 2020/2038	September 1, 2020/2039	September 1, 2020/2034	September 1, 2020/2039	September 1, 2020/2040
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022 (1)	September 1, 2023 (1)	September 1, 2023 (1)	September 1, 2023 (1)	September 1, 2024 (1)

	Series 2018	Series 2019	Refunding Series 2019A	Series 2019B
Amount Outstanding – June 30, 2020	$10,400,000	$2,910,000	$1,880,000	$5,135,000
Interest Rates	3.00% - 4.00%	2.00% - 3.375%	2.00% - 3.00%	2.00% - 2.625%
Maturity Date	September 1, 2020/2041	September 1, 2020/2042	September 1, 2020/2035	September 1, 2020/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024 (1)	September 1, 2024 (1)	September 1, 2024 (1)	September 1, 2024 (1)

	Series 2020	Refunding Series 2020A
Amount Outstanding – June 30, 2020	$4,575,000	$5,695,000
Interest Rates	2.00% - 2.375%	2.00% - 4.00%
Maturity Date	September 1, 2021/2043	September 1, 2021/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025 (1)	September 1, 2026 (1)

NOTE 3. LONG-TERM DEBT (Continued)

(1) Or on any date thereafter, at par plus unpaid accrued interest to the date of redemption in whole or in part at the option of the District. Series 2013 term bonds due September 1, 2025, September 1, 2029, September 1, 2033, and September 1, 2037, are subject to mandatory redemption beginning September 1, 2022, September 1, 2026, September 1, 2030, and September 1, 2034, respectively. Series 2015 term bonds due September 1, 2035, September 1, 2037, and September 1, 2039, are subject to mandatory redemption beginning September 1, 2034, September 1, 2036, and September 1, 2038, respectively. Series 2016 Refunding term bonds due September 1, 2028 are subject to mandatory redemption beginning September 1, 2027. Series 2016 term bonds due September 1, 2032, September 1, 2037, and September 1, 2039, are subject to mandatory redemption beginning September 1, 2031, September 1, 2036, and September 1, 2038, respectively. Series 2018 term bonds due September 1, 2036 are subject to mandatory redemption beginning September 1, 2034. Series 2019 term bonds due September 1, 2036, September 1, 2038, September 1, 2040, and September 1, 2042, are subject to mandatory redemption beginning in September 1, 2035, September 1, 2037, September 1, 2039, and September 1, 2041, respectively. Series 2019A Refunding term bonds due September 1, 2029 are subject to mandatory redemption on September 1, 2028. Series 2019B term bonds due September 1, 2042 are subject to mandatory redemption beginning September 1, 2040. Series 2020 term bonds due September 1, 2043 are subject to mandatory redemption on September 1, 2042.

As of June 30, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 4,190,000	$ 2,190,007	$ 6,380,007
2022	3,330,000	2,144,545	5,474,545
2023	3,370,000	2,059,345	5,429,345
2024	3,425,000	1,972,983	5,397,983
2025	3,475,000	1,880,970	5,355,970
2026-2030	18,240,000	7,909,279	26,149,279
2031-2035	19,730,000	5,090,312	24,820,312
2036-2040	17,440,000	1,937,454	19,377,454
2041-2044	3,600,000	133,764	3,733,764
	$ 76,800,000	$ 25,318,659	$ 102,118,659

As of June 30, 2020, the District had authorized but unissued bonds in the amount of $51,790,000 for water, sanitary sewer and drainage facilities; authorized but unissued bonds in the amount of $73,570,000 for refunding bonds; authorized but unissued bonds in the amount of $12,000,000 for recreational facilities and authorized but unissued bonds in the amount of $20,295,000 for road facilities and refunding road bonds.

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

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended June 30, 2020, the District levied an ad valorem water, sewer and drainage debt service tax of $0.73 per $100 of assessed valuation, which resulted in a tax levy of $4,417,275 on the adjusted taxable valuation of $605,106,180 for the 2019 tax year. The Bond Resolutions for bonds issued for water, sewer and drainage facilities require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on such bonds when due and the cost of assessing and collecting taxes.

During the year ended June 30, 2020, the District levied an ad valorem road debt service tax of $0.21 per $100 of assessed valuation, which resulted in a tax levy of $1,270,723 on the adjusted taxable valuation of $605,106,180 for the 2019 tax year. The Bond Resolutions for bonds issued for road facilities require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on such bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

A. The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $2,174,872 and the bank balance was $2,218,646. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2020, as listed below:

	Cash
GENERAL FUND	$ 472,539
SPECIAL REVENUE FUND - WATER	261,198
SPECIAL REVENUE FUND - WASTEWATER OPERATING	93,097
DEBT SERVICE FUND	1,019,403
CAPITAL PROJECTS FUND	328,635
TOTAL DEPOSITS	$ 2,174,872

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J.P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

As of June 30, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexSTAR	$ 7,500,113	$ 7,500,113
DEBT SERVICE FUND		
TexSTAR	7,619,750	7,619,750
CAPITAL PROJECTS FUND		
TexSTAR	974,555	974,555
TOTAL INVESTMENTS	$ 16,094,418	$ 16,094,418

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020, the District's investments in TexSTAR were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexSTAR to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020:

	July 1, 2019	Increases	Decreases	June 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,791,517			$ 1,791,517
Construction in Progress	83,200	4,194,333	4,175,511	102,022
Total Capital Assets Not Being Depreciated	$ 1,874,717	$ 4,194,333	$ 4,175,511	$ 1,893,539
Capital Assets Subject to Depreciation				
Landscaping and Other Improvements	$ 6,770,338	$ 1,341,055		$ 8,111,393
Water System	12,371,508	404,137		12,775,645
Wastewater System	19,593,614	1,390,708		20,984,322
Drainage System	33,387,795	734,294		34,122,089
Investment in Drainage Capacity	688,397	305,317		993,714
Total Capital Assets Subject to Depreciation	$ 72,811,652	$ 4,175,511	$ - 0 -	$ 76,987,163
Accumulated Depreciation				
Landscaping and Other Improvements	$ 3,604,962	$ 441,713		$ 4,046,675
Water System	3,300,543	420,378		3,720,921
Wastewater System	3,028,544	509,985		3,538,529
Drainage System	4,928,434	745,817		5,674,251
Investment in Drainage Capacity	132,646	48,456		181,102
Total Accumulated Depreciation	$ 14,995,129	$ 2,166,349	$ - 0 -	$ 17,161,478
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 57,816,523	$ 2,009,162	$ - 0 -	$ 59,825,685
Total Capital Assets, Net of Accumulated Depreciation	$ 59,691,240	$ 6,203,495	$ 4,175,511	$ 61,719,224

NOTE 7. MAINTENANCE TAX

On November 7, 2006, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks, wastewater, drainage and park systems.

On May 12, 2007, the voters of the District approved the levy and collection of a road maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of maintaining the District's roads.

During the year ended June 30, 2020, the District levied an ad valorem maintenance tax of $0.42 per $100 of assessed valuation, which resulted in a tax levy of $2,541,446 on the taxable valuation of $605,106,180 for the 2019 tax year.

NOTE 8. UNREIMBURSED COSTS

The District has executed facilities and operating costs reimbursement agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities and roads until such time as the District can sell bonds. The Due to Developer amount of $24,924,655 was recorded in the Statement of Net Position for assets that were completed and accepted by the District for maintenance as of June 30, 2020. This amount is to be reimbursed from the proceeds of future bond issues to the extent approved by the Commission, as applicable, and the Attorney General.

NOTE 9. OPERATING LEASE

Interim Wastewater Treatment Plant

On March 27, 2006, the District entered into a 24-month lease agreement to lease an 160,000 gallon per day ("gpd") prepackaged wastewater treatment plant commencing on the first day of the month following substantial completion of the installation and start-up of the leased equipment. The plant became operational in December 2007. In May 2014, the Phase Two expansion of the plant was completed, increasing the plant's capacity to 265,000 gpd under the lease. The lease extends for successive 90-day periods unless the District gives notice of its intent to terminate the lease. Under the lease, the District is obligated to make lease payments in the amount of $6,900 per month during the lease term. During the current fiscal year, the District paid $82,800 in monthly lease payments.

NOTE 9. OPERATING LEASE (Continued)

Interim Wastewater Treatment Plant (Continued)

On August 12, 2015, the District entered into a second lease agreement for the Phase Three expansion of the wastewater treatment plant, increasing the plant's capacity to 640,000 gpd. Such expansion was substantially complete in August 2016. The District is obligated to make lease payments in the amount of $16,400 per month for 60 months beginning the month following substantial completion of the Phase Three expansion (the "Initial Term") pursuant to the terms of the second lease and in addition to the lease payments described in the previous paragraph. After expiration of the Initial Term, this second lease extends for successive 90-day periods unless the District gives notice of its intent to terminate the lease. During the current fiscal year, the District paid $196,800 in monthly lease payments.

On April 12, 2017, the District entered into a third lease agreement for the Phase Four expansion of the wastewater treatment plant, increasing the plant's capacity to 1,015,000 gpd. Such expansion was substantially complete in March 2018. The District is obligated to make lease payments in the amount of $16,100 per month for 60 months beginning the month following substantial completion of the Phase Four expansion (the "Initial Term") pursuant to the terms of the third lease and in addition to the lease payments described in the previous paragraphs. After expiration of the Initial Term, the third lease extends for successive 90-day periods unless the District gives notice of its intent to terminate the lease. In accordance with the third lease, the District paid the first and last month's lease payments in the total amount of $32,200 in a previous fiscal year, which is recorded in the Special Revenue Fund – Wastewater Facilities Operation as prepaid cost. During the current fiscal year, the District paid $193,200 in monthly lease payments.

NOTE 10. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES

Fort Bend County Municipal Utility District No. 132

On March 8, 2005, the District entered into a contract with Fort Bend County Municipal Utility District No. 132 ("District No. 132"), which was amended effective May 22, 2007, for the purpose of sharing the cost to provide interim and permanent wastewater treatment capacity and the cost of certain roads and road-related facilities to serve property in both districts.

Effective July 20, 2016, the District and District No. 132 entered into a new contract that replaces the previous agreement and specifies the terms and conditions under which the districts agree to share the costs related to wastewater treatment facilities and certain road and road-related facilities. Pursuant to the terms of the new contract, the District will expand, operate, and maintain its wastewater treatment plant to provide wastewater treatment capacity to the District and District No. 132. Each district will contribute its pro rata share of the costs to provide such

NOTE 10. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

Fort Bend County Municipal Utility District No. 132 (Continued)

capacity. Further, each district will contribute its pro rata share of the costs to operate and maintain certain road and road-related facilities. The districts each have been required to fund an operating reserve of $50,000. During the current fiscal year, the District recorded an expenditure of $752,013 in accordance with this agreement.

The District and District No. 132 have also entered into two other agreements (each effective July 20, 2016): (1) an agreement pursuant to which District No. 132 purchases capacity in the District's water plant to serve a limited portion of land within District No. 132, which was amended effective April 9, 2020; and (2) an agreement pursuant to which the districts share the cost of the design and construction of an extension to a road that benefits both districts. As to the water agreement, the districts each have been required to fund an operating reserve which is currently $133,075 for each district. During the current fiscal year, the District recorded an expenditure of $966,671 in accordance with this contract.

Fort Bend County Levee Improvement District No. 12

On May 22, 2007, and on various occasions thereafter, the District has entered into contracts with Fort Bend County Levee Improvement District No. 12 ("LID 12") for the purpose of utilizing the outfall improvements to Clodine Ditch and Long Point Slough constructed by LID 12. The District agrees to purchase capacity in the outfall improvements at $1,100 per acre of property to be developed. On May 22, 2007, the District paid $212,555 for 193.232 acres. On December 31, 2007, the District paid $41,492 for 37.768 acres. During the 2009 fiscal year, the District paid $8,830 for outfall improvements for two properties totaling 8.027 acres. During the 2011 fiscal year, a developer within the District paid $39,049 on the District's behalf for outfall improvements for three properties totaling 35.499 acres. On May 1, 2012, a developer within the District paid $89,142 on the District's behalf for outfall improvements for five properties totaling 81.038 acres. During the 2013 fiscal year, a developer within the District paid $15,760 on the District's behalf for outfall improvements for four properties totaling 14.327 acres. During the 2016 fiscal year, a developer within the District paid $18,323 on the District's behalf for outfall improvements for four properties totaling 33.314 acres. During the 2018 fiscal year, developers within the District paid $55,875 on the District's behalf for outfall improvements for four properties totaling 50.795 acres. During the 2019 fiscal year, developers and landowners within the District paid $32,701 on the District's behalf for outfall improvements for four properties totaling 29.728 acres. During the current fiscal year, developers within the District paid $206,531 on the District's behalf for outfall improvements for 20 properties totaling 187.755 acres.

NOTE 10. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

Fort Bend County Levee Improvement District No. 12 (Continued)

The District also agrees to pay its pro rata share of actual costs incurred by LID 12 for maintenance of the outfall improvements. LID 12 has had no such actual maintenance costs, as the outfall improvements are being maintained by Fort Bend County Drainage District. However, at such time as LID 12 begins incurring maintenance costs, LID 12 will begin invoicing the District and other participants for their share of these costs.

LID 12 has agreed to accommodate drainage of 89.5 acres of land which lies outside the Long Point Slough watershed, due to extreme difficulty of the District to attain drainage for this portion of the development. The District agreed to purchase capacity in the outfall improvements for these 89.5 acres. The District applied to the Commission for issuance of bonds to finance this and other projects. The Commission approved this purchase of capacity during a prior fiscal year.

Fort Bend County Municipal Utility District No. 50

On May 1, 2006, the District executed an emergency interconnect and interim water supply contract with Fort Bend County Municipal Utility District No. 50 ("District No. 50"). The contract provides for the District to receive 150 equivalent single-family connections per day of interim water supply for a period of 18 months after District No. 50 constructs water production improvements to its facilities, during which time the District will be constructing its water production facilities; and provide water during emergency situations. On May 30, 2008, the District terminated service for interim water effective June 28, 2008. The interconnect, however, may still be used to provide water during emergencies.

The District will design and install, at its expense, the connection facilities. The Districts reserve the right to install a meter and meter vault at the point of connection at any time. The district choosing to exercise this option will pay all costs for the design, construction, and maintenance of such facilities. Except for the meter each district will share equally any and all maintenance and repair costs associated with the point of connection. The District will own the interconnect facilities for the benefit of both districts; however, the District will have the right to convey to District No. 50 the water line, which, District No. 50 will accept for ownership and maintenance. The rate for emergency water will be $0.80 per one thousand gallons of average daily use for the number of days water is received. For the purposes of this agreement, average daily use will be determined by calculating the total number of gallons pumped at the receiving district's water plant facilities during the 30 days immediately preceding the date that district began receiving water from the supplying district and dividing by thirty. In addition, any fees charged by the North Fort Bend Water Authority will be passed through to the receiving district. The term of this agreement is for 50 years.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

NOTE 12. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3482 (the "Act"), as passed by the 79th Texas Legislature, in 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions.

The Authority is responsible for overseeing that its participants comply with subsidence district pumpage requirements. The District is required, if deemed necessary by the Authority, to convert its water supply to surface water over a period of time. A seven-member board of directors governs the Authority. The directors serve staggered four-year terms that expire May 15 of even-numbered years. Each director must qualify to serve as director in the manner provided by the Act.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The current fee is $3.95 per 1,000 gallons of water pumped from each well. In the current fiscal year, the District paid $461,780 in fees to the Authority.

The Authority also charges a fee to those purchasing surface water. During a prior fiscal year, the District began construction of a water plant disinfection system in preparation for processing surface water. The District's reimbursable costs were $292,625. The project has been completed. During the current fiscal year, the District purchased surface water from the Authority. The current rate is $4.30 per 1,000 gallons of water received. In the current fiscal year, the District paid $885,995 for purchased water.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective November 16, 2012, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas (the "City"), which was subsequently amended and restated effective June 8, 2015, December 10, 2015, and December 31, 2018, (the "Agreement"). Under the Agreement and in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City annexed a tract of land, as amended, (the "Subject Tract") for limited purposes.

In accordance with the Agreement, the District is authorized to exercise all powers and functions of a municipal utility district provided by law, including, without limiting the foregoing, the power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, or to contract with others for the provision and operation thereof, or to sell or otherwise transfer property without prior approval of the City. The District will continue to develop, own and to operate and maintain a water, wastewater and drainage system within the District.

The District shall not be liable for any present or future debts of the City, and current and future ad valorem taxes levied by the City will not be levied on taxable property within the District.

The City imposed a Sales and Use Tax within the boundaries of the Subject Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments of Chapter 321 of the Tax Code. The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office.

The term of this Agreement is 30 years from November 16, 2012, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. The District did not record any revenues in relation to this Agreement during the current fiscal year.

NOTE. 14. BOND SALES

On September 17, 2019, the District issued $5,135,000 of Unlimited Tax Bonds, Series 2019B. Proceeds from the bond sale and the use of $450,000 of surplus funds were used to reimburse developers for construction and engineering costs for water, wastewater and drainage facilities to serve Lakes of Bella Terra, Sections 29, 32, 33, 34, 35, 36, 37 and 38 and Lakes of Bella Terra West, Section 1; mass grading for Lakes of Bella Terra West, Phase 1; Fort Bend County LID 12 outfall drainage capacity payments; developer advances for operating costs; and to pay for issuance costs of the bonds.

NOTE. 14. BOND SALES (Continued)

On April 9, 2020, the District issued $4,575,000 of Unlimited Tax Road Bonds, Series 2020. Proceeds from the bond sale and the use of $120,000 of surplus funds were used to reimburse developers for construction and engineering costs for paving for Katy Gaston, Phase 4, Lakes of Bella Terra West, Sections 1, 3, and 4; land costs; and to pay for issuance costs of the bonds.

On June 4, 2020, the District issued $5,695,000 of Unlimited Tax Road Refunding Bonds, Series 2020A to refund portions of the Series 2011, Series 2012 and Series 2012A Bonds. The net proceeds of $5,555,567 and $64,000 of available Debt Service Fund monies were used to call $1,700,000 of Series 2011 Bonds, $1,665,000 of Series 2012 Bonds and $2,160,000 of Series 2012A Bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Position. The savings effect of the refunding obtains total debt service savings of $778,663 and net present value savings of $605,487.

NOTE. 15. SUBSEQUENT EVENT - BOND SALE

On September 10, 2020, subsequent to fiscal year end, the District issued $6,195,000 of Unlimited Tax Bonds, Series 2020B. Proceeds from the bond sale and the use of $525,000 of surplus funds were used to reimburse developers for construction and engineering costs for water, wastewater and drainage facilities to serve Via Mazzini Way, Reserve Section 1, Via Mazzini Way, Section 2 and Lakes of Bella Terra West, Sections 1 and 2; waterline, sanitary sewer extensions and offsite sewer along Katy Gaston Road; offsite storm sewer and detention basin improvements for Lakes of Bella Terra West; clearing, earth movement, detention basins and storm sewer systems, Phase II to serve Lakes of Bella Terra West; detention pond land costs; Fort Bend County LID 12 outfall drainage capacity payments; and to pay issuance costs of the bonds.

NOTE 16. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 2,675,000	$ 2,541,000	$ 2,533,936	$ (7,064)
Water Service	780,000	883,370	791,631	(91,739)
Wastewater Service	760,000	771,994	855,052	83,058
Water Authority Assessment Fee	860,000	929,600	935,531	5,931
Penalty and Interest	25,000	25,000	29,112	4,112
Tap Connection and Inspection Fees	185,000	345,600	367,620	22,020
Investment Revenues	100,000	120,000	81,986	(38,014)
Miscellaneous Revenues	45,000	37,000	39,332	2,332
TOTAL REVENUES	$ 5,430,000	$ 5,653,564	$ 5,634,200	$ (19,364)
EXPENDITURES				
Service Operations:				
Professional Fees	$ 300,750	$ 241,250	$ 242,308	$ (1,058)
Contracted Services	633,800	621,800	635,847	(14,047)
Purchased Water Service	904,910	1,120,000	1,124,038	(4,038)
Purchased Wastewater Service	855,675	771,724	752,013	19,711
Water Authority Surface Water/Assessment	215,000	190,000	116,399	73,601
Repairs and Maintenance	960,000	850,650	735,987	114,663
Utilities	105,000	135,000	132,426	2,574
Other	258,950	334,973	352,839	(17,866)
Capital Outlay	535,000	337,956	169,960	167,996
TOTAL EXPENDITURES	$ 4,769,085	$ 4,603,353	$ 4,261,817	$ 341,536
NET CHANGE IN FUND BALANCE	$ 660,915	$ 1,050,211	$ 1,372,383	$ 322,172
FUND BALANCE - JULY 1, 2019	6,206,922	6,206,922	6,206,922	
FUND BALANCE - JUNE 30, 2020	$ 6,867,837	$ 7,257,133	$ 7,579,305	$ 322,172

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND – WATER FACILITIES FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Water Service	1,064,600	$ 1,351,750	$ 1,436,255	$ 84,505
Investment Revenues		300	358	58
Miscellaneous Revenues				
TOTAL REVENUES	$ 1,064,600	$ 1,352,050	$ 1,436,613	$ 84,563
EXPENDITURES				
Service Operations:				
Professional Fees	$ 20,000	$ 14,250	$ 15,841	$ (1,591)
Contracted Services	21,000	21,000	21,000	
Water Authority Surface Water/Assessment	834,100	1,120,000	1,231,376	(111,376)
Repairs and Maintenance	110,300	110,300	93,619	16,681
Utilities	45,000	52,000	49,462	2,538
Other	34,200	34,200	25,315	8,885
TOTAL EXPENDITURES	$ 1,064,600	$ 1,351,750	$ 1,436,613	$ (84,863)
NET CHANGE IN FUND BALANCE	$ -0-	$ 300	$ -0-	$ (300)
FUND BALANCE - JULY 1, 2019				
FUND BALANCE - JUNE 30, 2020	$ -0-	$ 300	$ -0-	$ (300)

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND – WASTEWATER FACILITIES OPERATING FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 1,015,426	$ 995,899	$ (19,527)
Investment Revenues	250	212	(38)
TOTAL REVENUES	$ 1,015,676	$ 996,111	$ (19,565)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 15,750	$ 12,797	$ 2,953
Contracted Services	31,000	35,101	(4,101)
Lease Costs	472,800	472,800	
Repairs and Maintenance	202,500	154,818	47,682
Utilities	80,000	136,327	(56,327)
Other	213,376	184,268	29,108
TOTAL EXPENDITURES	$ 1,015,426	$ 996,111	$ 19,315
NET CHANGE IN FUND BALANCE	$ 250	$ -0-	$ (250)
FUND BALANCE - JULY 1, 2019			
FUND BALANCE - JUNE 30, 2020	$ 250	$ -0-	$ (250)

See accompanying independent auditor’s report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2020

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved on November 13, 2019.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$17.25	5,000	N	$ 2.70	5,001 to 10,000
				$ 3.00	10,001 to 20,000
				$ 3.15	20,001 to 50,000
				$ 3.30	50,001 to 75,000
				$ 3.60	75,001 and up
WASTEWATER:	$32.25	5,000	N	$2.25	5,001 and up
SURCHARGE:					
Regional Water Authority	$ 4.30 per 1,000 gallons + 10%				

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

Total monthly charges per 10,000 gallons usage: Water: $30.75 Wastewater: $43.50 Surcharge: $47.30.

Note: Services above include providing for regulatory assessment, for garbage collection, recycling and disposal services.

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,855	1,845	x 1.0	1,845
1"	164	164	x 2.5	410
1½"	5	5	x 5.0	25
2"	23	23	x 8.0	184
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	2,050	2,040		2,649
Total Wastewater Connections	1,984	1,974	x 1.0	1,974

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

Gallons pumped into system:	91,310,000	Water Accountability Ratio: 94.0% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	216,787,000	
Gallons purchased:	215,199,000	From: North Fort Bend Water Authority and Fort Bend County MUD No. 50
Gallons sold:	71,302,000	To: Fort Bend County MUD No.132

See accompanying independent auditor's report.

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _X_ No ___

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ___ Partly ___ Not at all _X_

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

Entirely _X_ Partly ___ Not at all ___

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ___ No _X_

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

PROFESSIONAL FEES:	
Auditing	$ 16,250
Engineering	85,538
Legal	140,520
TOTAL PROFESSIONAL FEES	$ 242,308
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	$ 1,124,038
Purchased Wastewater Service	752,013
TOTAL PURCHASED SERVICES FOR RESALE	$ 1,876,051
CONTRACTED SERVICES:	
Bookkeeping	$ 21,844
Operations and Billing	67,464
Security	185,232
Solid Waste Disposal	361,307
TOTAL CONTRACTED SERVICES	$ 635,847
UTILITIES - Electricity and Telephone	$ 132,426
REPAIRS AND MAINTENANCE	$ 735,987
ADMINISTRATIVE EXPENDITURES:	
Director Fees	$ 16,350
Dues	675
Insurance	14,788
Office Supplies and Postage	40,855
Payroll Taxes	1,251
Travel and Meetings	5,702
Other	12,529
TOTAL ADMINISTRATIVE EXPENDITURES	$ 92,150

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL OUTLAY:	
Capitalized Assets	$ 169,960
Expenditures Not Capitalized	
TOTAL CAPITAL OUTLAY	$ 169,960
TAP CONNECTIONS	$ 174,511
OTHER EXPENDITURES:	
Inspection Fees	$ 46,773
Laboratory Fees	13,483
Permit Fees	2,352
Reconnection Fees	15,540
Water Authority Assessment	116,399
Regulatory Assessment	8,030
TOTAL OTHER EXPENDITURES	$ 202,577
TOTAL EXPENDITURES	$ 4,261,817

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX2220	Varies	Daily	$ 7,500,113	$ -0-
DEBT SERVICE FUND					
TexSTAR	XXXX5550	Varies	Daily	$ 6,383,679	$
TexSTAR	XXXX3330	Varies	Daily	1,236,071	
TOTAL DEBT SERVICE FUND				$ 7,619,750	$ -0-
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 974,555	$
TOTAL - ALL FUNDS				$ 16,094,418	$ -0-

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	Maintenance Tax		Road Debt Service Tax		Debt Service Tax	
TAXES RECEIVABLE -						
JULY 1, 2019	$ 44,255		$ 15,950		$ 70,778	
Adjustments to Beginning						
Balance	21	$ 44,276	7	$ 15,957	37	$ 70,815
Original 2019 Tax Levy	$2,526,656		$1,263,328		$4,391,570	
Adjustment to 2019 Tax Levy	14,790	2,541,446	7,395	1,270,723	25,705	4,417,275
TOTAL TO BE						
ACCOUNTED FOR		$ 2,585,722		$ 1,286,680		$ 4,488,090
TAX COLLECTIONS:						
Prior Years	$ 25,365		$ 9,103		$ 43,247	
Current Year	2,508,571	2,533,936	1,254,285	1,263,388	4,360,135	4,403,382
TAXES RECEIVABLE -						
JUNE 30, 2020		$ 51,786		$ 23,292		$ 84,708
TAXES RECEIVABLE BY						
YEAR:						
2019		$ 32,875		$ 16,438		$ 57,140
2018		3,339		1,129		5,846
2017		1,597		610		2,584
2016		1,717		946		2,347
2015		1,599		586		2,482
2014		1,764		999		1,961
2013		1,603		1,195		1,496
2012		1,727		1,015		1,885
2011		1,649		374		2,394
2010		2,081				3,493
2009		1,835				3,080
TOTAL		$ 51,786		$ 23,292		$ 84,708

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 148,146,940	$ 123,513,449	$ 112,014,890	$ 103,727,410
Improvements	492,310,233	446,750,674	422,474,100	370,875,580
Personal Property	5,408,140	4,063,260	2,745,300	1,760,690
Exemptions	(40,759,133)	(34,789,254)	(26,958,518)	(27,164,807)
TOTAL PROPERTY VALUATIONS	$ 605,106,180	$ 539,538,129	$ 510,275,772	$ 449,198,873
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.73	$ 0.7879	$ 0.76039	$ 0.67
Road Debt Service	0.21	0.1521	0.17961	0.27
Maintenance**	0.42	0.4500	0.47000	0.49
TOTAL TAX RATES PER $100 VALUATION	$ 1.36	$ 1.39000	$ 1.41000	$ 1.43
ADJUSTED TAX LEVY*	$ 8,229,444	$ 7,499,579	$ 7,194,888	$ 6,423,545
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.71 %	99.86 %	99.93 %	99.92 %

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

** Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on November 7, 2006. The voters also approved a maximum $0.25 per $100 of assessed valuation road maintenance tax on May 12, 2007.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2011		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 75,000	$ 1,547	$ 76,547
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
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2040			
2041			
2042			
2043			
2044			
	$ 75,000	$ 1,547	$ 76,547

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES - 2012		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 100,000	$ 1,600	$ 101,600
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$ 100,000	$ 1,600	$ 101,600

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2012A		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 70,000	$ 963	$ 70,963
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$ 70,000	$ 963	$ 70,963

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES - 2013		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 45,000	$ 39,538	$ 84,538
2022	45,000	37,287	82,287
2023	45,000	35,487	80,487
2024	50,000	34,063	84,063
2025	50,000	32,562	82,562
2026	55,000	30,987	85,987
2027	55,000	29,269	84,269
2028	60,000	27,400	87,400
2029	60,000	25,450	85,450
2030	65,000	23,419	88,419
2031	65,000	21,225	86,225
2032	70,000	18,863	88,863
2033	70,000	16,413	86,413
2034	75,000	13,875	88,875
2035	80,000	11,062	91,062
2036	80,000	8,063	88,063
2037	85,000	4,969	89,969
2038	90,000	1,688	91,688
2039			
2040			
2041			
2042			
2043			
2044			
	$ 1,145,000	$ 411,620	$ 1,556,620

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	S E R I E S - 2 0 1 4		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 500,000	$ 359,225	$ 859,225
2022	500,000	346,725	846,725
2023	500,000	331,725	831,725
2024	500,000	316,725	816,725
2025	500,000	301,725	801,725
2026	500,000	286,725	786,725
2027	500,000	271,725	771,725
2028	500,000	256,100	756,100
2029	500,000	239,850	739,850
2030	500,000	223,288	723,288
2031	500,000	206,100	706,100
2032	500,000	188,600	688,600
2033	500,000	170,475	670,475
2034	500,000	151,725	651,725
2035	500,000	132,975	632,975
2036	500,000	113,600	613,600
2037	590,000	91,800	681,800
2038	1,000,000	60,000	1,060,000
2039	1,000,000	20,000	1,020,000
2040			
2041			
2042			
2043			
2044			
	$ 10,590,000	$ 4,069,088	$ 14,659,088

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	S E R I E S - 2 0 1 5		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 500,000	$ 287,500	$ 787,500
2022	500,000	272,500	772,500
2023	500,000	260,000	760,000
2024	500,000	250,000	750,000
2025	500,000	239,375	739,375
2026	500,000	228,125	728,125
2027	500,000	216,250	716,250
2028	500,000	202,500	702,500
2029	500,000	187,500	687,500
2030	500,000	172,500	672,500
2031	500,000	157,188	657,188
2032	500,000	141,250	641,250
2033	500,000	125,000	625,000
2034	500,000	108,437	608,437
2035	500,000	91,250	591,250
2036	500,000	73,750	573,750
2037	500,000	56,250	556,250
2038	500,000	38,750	538,750
2039	400,000	22,500	422,500
2040	400,000	7,500	407,500
2041			
2042			
2043			
2044			
	$ 9,800,000	$ 3,138,125	$ 12,938,125

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	S E R I E S - 2 0 1 6 R E F U N D I N G		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 335,000	$ 178,819	$ 513,819
2022	345,000	172,019	517,019
2023	360,000	164,969	524,969
2024	370,000	157,206	527,206
2025	380,000	148,769	528,769
2026	395,000	139,556	534,556
2027	405,000	129,050	534,050
2028	420,000	117,181	537,181
2029	435,000	104,356	539,356
2030	450,000	91,081	541,081
2031	465,000	77,066	542,066
2032	485,000	61,919	546,919
2033	505,000	45,831	550,831
2034	525,000	28,437	553,437
2035	550,000	9,625	559,625
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$ 6,425,000	$ 1,625,884	$ 8,050,884

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES - 2016		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 200,000	$ 100,750	$ 300,750
2022	200,000	96,750	296,750
2023	200,000	92,750	292,750
2024	200,000	88,750	288,750
2025	200,000	84,750	284,750
2026	200,000	80,750	280,750
2027	200,000	76,625	276,625
2028	200,000	72,250	272,250
2029	200,000	67,500	267,500
2030	200,000	62,500	262,500
2031	200,000	57,250	257,250
2032	200,000	51,500	251,500
2033	200,000	45,500	245,500
2034	200,000	39,500	239,500
2035	200,000	33,500	233,500
2036	200,000	27,500	227,500
2037	200,000	21,500	221,500
2038	200,000	15,500	215,500
2039	200,000	9,375	209,375
2040	200,000	3,125	203,125
2041			
2042			
2043			
2044			
	$ 4,000,000	$ 1,127,625	$ 5,127,625

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	S E R I E S - 2 0 1 7		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 500,000	$ 427,688	$ 927,688
2022	500,000	417,688	917,688
2023	500,000	407,688	907,688
2024	525,000	394,813	919,813
2025	550,000	378,688	928,688
2026	575,000	361,813	936,813
2027	600,000	344,188	944,188
2028	625,000	325,813	950,813
2029	650,000	306,688	956,688
2030	675,000	286,813	961,813
2031	700,000	266,188	966,188
2032	750,000	243,969	993,969
2033	750,000	220,531	970,531
2034	750,000	196,625	946,625
2035	750,000	172,250	922,250
2036	750,000	147,406	897,406
2037	750,000	121,625	871,625
2038	750,000	95,375	845,375
2039	750,000	69,125	819,125
2040	800,000	42,000	842,000
2041	800,000	14,000	814,000
2042			
2043			
2044			
	$ 14,000,000	$ 5,240,974	$ 19,240,974

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2018		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 1,500,000	$ 339,719	$ 1,839,719
2022	425,000	310,844	735,844
2023	425,000	298,094	723,094
2024	425,000	285,344	710,344
2025	425,000	272,594	697,594
2026	425,000	259,844	684,844
2027	425,000	246,828	671,828
2028	425,000	233,281	658,281
2029	425,000	219,203	644,203
2030	425,000	204,594	629,594
2031	425,000	189,719	614,719
2032	425,000	174,578	599,578
2033	425,000	158,906	583,906
2034	425,000	142,969	567,969
2035	425,000	126,500	551,500
2036	425,000	109,500	534,500
2037	425,000	92,500	517,500
2038	425,000	75,500	500,500
2039	425,000	58,500	483,500
2040	425,000	41,500	466,500
2041	425,000	24,500	449,500
2042	400,000	8,000	408,000
2043			
2044			
	$ 10,400,000	$ 3,873,017	$ 14,273,017

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2019		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 160,000	$ 83,163	$ 243,163
2022	125,000	80,313	205,313
2023	125,000	77,813	202,813
2024	125,000	75,313	200,313
2025	125,000	72,188	197,188
2026	125,000	68,438	193,438
2027	125,000	64,688	189,688
2028	125,000	60,938	185,938
2029	125,000	57,188	182,188
2030	125,000	53,438	178,438
2031	125,000	49,688	174,688
2032	125,000	45,938	170,938
2033	125,000	42,188	167,188
2034	125,000	38,438	163,438
2035	125,000	34,688	159,688
2036	125,000	30,859	155,859
2037	125,000	26,953	151,953
2038	125,000	22,969	147,969
2039	125,000	18,906	143,906
2040	125,000	14,766	139,766
2041	125,000	10,547	135,547
2042	125,000	6,328	131,328
2043	125,000	2,109	127,109
2044			
	$ 2,910,000	$ 1,037,857	$ 3,947,857

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2019A REFUNDING		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 85,000	$ 48,113	$ 133,113
2022	90,000	46,363	136,363
2023	95,000	44,513	139,513
2024	100,000	42,563	142,563
2025	95,000	40,613	135,613
2026	100,000	38,663	138,663
2027	100,000	36,663	136,663
2028	105,000	34,481	139,481
2029	110,000	31,650	141,650
2030	110,000	28,350	138,350
2031	115,000	24,975	139,975
2032	115,000	21,525	136,525
2033	120,000	18,000	138,000
2034	120,000	14,400	134,400
2035	130,000	10,650	140,650
2036	290,000	4,350	294,350
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$ 1,880,000	$ 485,872	$ 2,365,872

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES - 2019B		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 120,000	$ 113,875	$ 233,875
2022	125,000	111,425	236,425
2023	140,000	108,775	248,775
2024	150,000	105,875	255,875
2025	160,000	102,775	262,775
2026	170,000	99,475	269,475
2027	180,000	95,975	275,975
2028	190,000	92,275	282,275
2029	200,000	88,375	288,375
2030	200,000	84,375	284,375
2031	225,000	80,125	305,125
2032	250,000	75,375	325,375
2033	275,000	70,125	345,125
2034	275,000	64,453	339,453
2035	275,000	58,438	333,438
2036	275,000	52,078	327,078
2037	275,000	45,547	320,547
2038	275,000	38,844	313,844
2039	275,000	31,969	306,969
2040	275,000	25,094	300,094
2041	275,000	18,047	293,047
2042	275,000	10,828	285,828
2043	275,000	3,609	278,609
2044			
	$ 5,135,000	$ 1,577,732	$ 6,712,732

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2020		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$	$ 85,336	$ 85,336
2022	200,000	93,406	293,406
2023	200,000	89,406	289,406
2024	200,000	85,406	285,406
2025	200,000	81,406	281,406
2026	200,000	77,406	277,406
2027	200,000	73,406	273,406
2028	200,000	69,406	269,406
2029	200,000	65,406	265,406
2030	200,000	61,406	261,406
2031	200,000	57,406	257,406
2032	200,000	53,406	253,406
2033	200,000	49,406	249,406
2034	200,000	45,406	245,406
2035	200,000	41,406	241,406
2036	200,000	37,406	237,406
2037	200,000	33,281	233,281
2038	200,000	29,031	229,031
2039	200,000	24,781	224,781
2040	200,000	20,406	220,406
2041	200,000	15,906	215,906
2042	200,000	11,281	211,281
2043	200,000	6,531	206,531
2044	175,000	2,078	177,078
	$ 4,575,000	$ 1,209,721	$ 5,784,721

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES - 2020A REFUNDING		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$	$ 122,171	$ 122,171
2022	275,000	159,225	434,225
2023	280,000	148,125	428,125
2024	280,000	136,925	416,925
2025	290,000	125,525	415,525
2026	295,000	113,825	408,825
2027	300,000	101,925	401,925
2028	305,000	92,875	397,875
2029	300,000	86,825	386,825
2030	300,000	80,825	380,825
2031	295,000	74,875	369,875
2032	295,000	67,500	362,500
2033	300,000	59,700	359,700
2034	300,000	51,825	351,825
2035	300,000	43,575	343,575
2036	610,000	32,200	642,200
2037	710,000	15,700	725,700
2038	260,000	3,413	263,413
2039			
2040			
2041			
2042			
2043			
2044			
	$ 5,695,000	$ 1,517,034	$ 7,212,034

See accompanying independent auditor’s report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 4,190,000	$ 2,190,007	$ 6,380,007
2022	3,330,000	2,144,545	5,474,545
2023	3,370,000	2,059,345	5,429,345
2024	3,425,000	1,972,983	5,397,983
2025	3,475,000	1,880,970	5,355,970
2026	3,540,000	1,785,607	5,325,607
2027	3,590,000	1,686,592	5,276,592
2028	3,655,000	1,584,500	5,239,500
2029	3,705,000	1,479,991	5,184,991
2030	3,750,000	1,372,589	5,122,589
2031	3,815,000	1,261,805	5,076,805
2032	3,915,000	1,144,423	5,059,423
2033	3,970,000	1,022,075	4,992,075
2034	3,995,000	896,090	4,891,090
2035	4,035,000	765,919	4,800,919
2036	3,955,000	636,712	4,591,712
2037	3,860,000	510,125	4,370,125
2038	3,825,000	381,070	4,206,070
2039	3,375,000	255,156	3,630,156
2040	2,425,000	154,391	2,579,391
2041	1,825,000	83,000	1,908,000
2042	1,000,000	36,437	1,036,437
2043	600,000	12,249	612,249
2044	175,000	2,078	177,078
	$ 76,800,000	$ 25,318,659	$ 102,118,659

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2020

Description	Original Bonds Issued	Bonds Outstanding July 1, 2019
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2010	2,185,000	65,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2011	2,300,000	1,850,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2012	2,465,000	1,865,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2012A	2,600,000	2,300,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2013	1,330,000	1,185,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2014	12,590,000	11,090,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2015	11,800,000	10,300,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Refunding Bonds - Series 2016	7,180,000	6,755,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2016	4,700,000	4,200,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2017	15,000,000	14,500,000

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements		Bonds	
Bonds Sold	Principal	Interest	Outstanding June 30, 2020	Paying Agent
	65,000	1,300	$ -0-	Wells Fargo Bank N.A. Houston, TX
	1,775,000	88,606	75,000	Wells Fargo Bank N.A. Houston, TX
	1,765,000	72,262	100,000	Wells Fargo Bank N.A. Dallas, TX
	2,230,000	82,019	70,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	40,000	41,662	1,145,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	500,000	369,225	10,590,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	500,000	300,000	9,800,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	330,000	185,469	6,425,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	200,000	104,750	4,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	500,000	437,688	14,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2020

Description	Original Bonds Issued	Bonds Outstanding July 1, 2019
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2018	10,400,000	10,400,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2019	2,910,000	2,910,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Refunding Bonds - Series 2019A	1,880,000	1,880,000
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Bonds - Series 2019B	5,135,000	
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Bonds - Series 2020	4,575,000	
Fort Bend County Municipal Utility District No. 133 Unlimited Tax Road Refunding Bonds - Series 2020A	5,695,000	
TOTAL	$ 92,745,000	$ 69,300,000

Bond Authority:	Water, Sanitary Sewer and Drainage Bonds	Refunding Bonds
Amount Authorized by Voters	$ 116,000,000	$ 75,000,000
Amount Issued	64,210,000	1,430,000
Remaining to be Issued	$ 51,790,000	$ 73,570,000

Debt Service Fund cash and investments balances as of June 30, 2020:	$ 8,639,153
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 4,254,944

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding June 30, 2020	Paying Agent
		362,219	10,400,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		74,167	2,910,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		39,714	1,880,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
5,135,000		52,423	5,135,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
4,575,000			4,575,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
5,695,000			5,695,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 15,405,000	$ 7,905,000	$ 2,211,504	$ 76,800,000	

Recreational Facilities Bonds	Road Bonds and Refunding of Road Bonds
$ 12,000,000	$ 41,345,000
	21,050,000
$ 12,000,000	$ 20,295,000

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

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,533,936	$ 2,427,532	$ 2,393,424
Water Service	791,631	734,888	698,550
Wastewater Service	855,052	794,332	742,918
Water Authority Assessment Fee	935,531	738,514	652,960
Penalty and Interest	29,112	34,146	26,816
Tap Connection and Inspection Fees	367,620	183,558	195,778
Investment Revenues	81,986	120,343	48,476
Miscellaneous Revenues	39,332	74,913	36,822
TOTAL REVENUES	$ 5,634,200	$ 5,108,226	$ 4,795,744
EXPENDITURES			
Professional Fees	$ 242,308	$ 373,444	$ 250,030
Contracted Services	635,847	560,628	346,210
Purchased Water Service	1,124,038	808,663	773,413
Purchased Wastewater Service	752,013	717,549	429,577
Lease Costs			266,300
Water Authority Surface Water/Assessment	116,399	85,088	166,732
Repairs and Maintenance	735,987	1,063,752	611,540
Utilities	132,426	100,923	94,176
Other	352,839	264,000	222,045
Capital Outlay	169,960	884,520	151,914
TOTAL EXPENDITURES	$ 4,261,817	$ 4,858,567	$ 3,311,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,372,383	$ 249,659	$ 1,483,807
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$	$
Contribution from Other Governmental Entity		72,484	
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 72,484	$ -0-
NET CHANGE IN FUND BALANCE	$ 1,372,383	$ 322,143	$ 1,483,807
BEGINNING FUND BALANCE	6,206,922	5,884,779	4,400,972
ENDING FUND BALANCE	$ 7,579,305	$ 6,206,922	$ 5,884,779

See accompanying independent auditor’s report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 2,184,372	$ 1,668,281	44.9 %	47.3 %	49.8 %	46.1 %	45.4 %
666,406	615,927	14.1	14.4	14.6	14.1	16.7
686,881	594,241	15.2	15.6	15.5	14.5	16.1
582,644	506,308	16.6	14.5	13.6	12.3	13.7
33,857	30,046	0.5	0.7	0.6	0.7	0.8
176,716	208,032	6.5	3.6	4.1	3.7	5.6
6,476	3,681	1.5	2.4	1.0	0.1	0.1
405,471	59,913	0.7	1.5	0.8	8.5	1.6
$ 4,742,823	$ 3,686,429	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 283,582	$ 422,822	4.3 %	7.3 %	5.2 %	6.0 %	11.5 %
307,444	279,619	11.3	11.0	7.2	6.5	7.6
644,951		20.0	15.8	16.1	13.6	
360,527		13.3	14.0	9.0	7.6	
277,200	84,800			5.6	5.8	2.3
126,384	604,125	2.1	1.7	3.5	2.7	16.4
603,190	656,853	13.0	20.7	12.7	12.6	17.7
80,778	191,944	2.4	2.0	2.0	1.7	5.2
210,082	337,009	6.3	5.2	4.6	4.4	9.1
416,904	292,323	3.0	17.3	3.2	8.8	7.9
$ 3,311,042	$ 2,869,495	75.7 %	95.0 %	69.1 %	69.7 %	77.7 %
$ 1,431,781	$ 816,934	24.3 %	5.0 %	30.9 %	30.3 %	22.3 %
$ 70,357	$					
$ 70,357	$ -0-					
$ 1,502,138	$ 816,934					
2,898,834	2,081,900					
$ 4,400,972	$ 2,898,834					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 5,666,770	$ 5,069,193	$ 4,784,933
Penalty and Interest	100,062	54,260	48,763
Investment Revenues	79,017	121,746	48,399
Miscellaneous Revenues	1,324	1,636	1,458
TOTAL REVENUES	$ 5,847,173	$ 5,246,835	$ 4,883,553
EXPENDITURES			
Tax Collection Expenditures	$ 108,349	$ 114,202	$ 107,590
Debt Service Principal	2,380,000	2,605,000	2,185,000
Debt Service Interest and Fees	2,219,579	1,906,359	1,717,625
Bond Issuance Costs	226,389	115,844	
Payment to Refunded Bond Escrow Agent	64,000	33,000	
TOTAL EXPENDITURES	$ 4,998,317	$ 4,774,405	$ 4,010,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 848,856	$ 472,430	$ 873,338
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$	$
Refunding Bonds	5,695,000	1,880,000	
Payment to Refunded Bond Escrow Agent	(5,555,567)	(1,734,436)	
Bond Discount		(21,888)	
Bond Premium	93,469		
TOTAL OTHER FINANCING SOURCES (USES)	$ 232,902	$ 123,676	$ -0-
NET CHANGE IN FUND BALANCE	$ 1,081,758	$ 596,106	$ 873,338
BEGINNING FUND BALANCE	7,534,203	6,938,097	6,064,759
ENDING FUND BALANCE	$ 8,615,961	$ 7,534,203	$ 6,938,097
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,040	1,852	1,689
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,974	1,794	1,636

See accompanying independent auditor’s report.

	2017	2016	Percentage of Total Revenue 2020	2019	2018	2017	2016
	$ 4,189,781	$ 3,198,701	96.9 %	96.7 %	98.0 %	98.7 %	99.2 %
	35,005	19,689	1.7	1.0	1.0	0.8	0.6
	7,896	4,915	1.4	2.3	1.0	0.2	0.2
	13,736	30				0.3	
	$ 4,246,418	$ 3,223,335	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
	$ 71,734	$ 56,637	1.9 %	2.2 %	2.2 %	1.7 %	1.8 %
	1,175,000	470,000	40.7	49.6	44.7	27.7	14.6
	1,490,075	1,135,900	38.0	36.3	35.2	35.1	35.2
		278,527	3.9	2.2			8.6
			1.1	0.6			
	$ 2,736,809	$ 1,941,064	85.6 %	90.9 %	82.1 %	64.5 %	60.2 %
	$ 1,509,609	$ 1,282,271	14.4 %	9.1 %	17.9 %	35.5 %	39.8 %
	$	$ 167,500					
		7,180,000					
		(6,810,980)					
		(97,457)					
	$ -0-	$ 439,063					
	$ 1,509,609	$ 1,721,334					
	4,555,150	2,833,816					
	$ 6,064,759	$ 4,555,150					
	1,532	1,398					
	1,489	1,354					

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

District Mailing Address - Fort Bend County Municipal Utility District No. 133
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6414

Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2020	Expense reimbursements for the year ended June 30, 2020	Title
Dennis Harper	05/18 05/22 (Elected)	$ 3,150	$ 2,435	President
Bill Frank	05/20 05/24 (Elected)	$ 2,250	$ 286	Vice President
Donna McClure	05/18 05/22 (Elected)	$ 2,400	$ 1,116	Secretary
Rick Foster	05/18 05/22 (Elected)	$ 1,500	$ 500	Assistant Secretary
Harry Hernandez	05/20 05/24 (Elected)	$ 1,350	$ 117	Assistant Vice President
Tom Langland	05/16 12/19 (Resigned)	$ 4,650	$ 148	Ex President

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

Submission date of most recent District Registration Form: March 12, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on June 15, 2004. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 133
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

Consultants:	Date Hired	Fees / Compensation for the year ended June 30, 2020	Water Facilities and Wastewater Facilities for the year ended June 30, 2020	Title
Allen Boone Humphries Robinson LLP	06/15/04	$ 158,971 $ 344,694	$ 599 $ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/12/07	$ 16,250 $ 22,750	$ 6,500 $ -0-	Auditor Bond Related
Myrtle Cruz, Inc.	02/09/05	$ 25,073 $ 7,500	$ 22,922 $ -0-	Bookkeeper Bond Related
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/11/07	$ 20,265	$ -0-	Delinquent Tax Attorney
Benchmark Engineering Corporation	02/09/05	$ 513,557	$ 21,539	Engineer
Masterson Advisors LLC	05/09/18	$ 243,386	$ -0-	Financial Advisor
Mary Jarmon	02/09/05	$ -0-	$ -0-	Investment Officer
Municipal District Services, LLC.	05/01/12	$ 569,070	$ 206,910	Operator
Assessments of the Southwest, Inc.	02/01/05	$ 27,747	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor’s report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)