

OFFICIAL STATEMENT DATED APRIL 21, 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 **NOT** BEEN DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.”

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM): S&P “AA” (stable outlook)
Moody’s “A2” (stable outlook)
Underlying Rating: Moody’s “A1”
See “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE” herein.

\$9,370,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 151
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

The bonds described above (the “Bonds”) are obligations solely of Fort Bend County Municipal Utility District No. 151 (the “District”) and are not obligations of the State of Texas, Fort Bend County, the City of Fulshear or any entity other than the District.

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

Dated Date: June 1, 2021

Due: September 1, as shown below

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from June 1, 2021, and is payable each March 1 and September 1, commencing September 1, 2021, until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See “MUNICIPAL BOND INSURANCE” herein.

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2022	\$ 575,000	3.00 %	0.20 %	34681M RJ7	2031	\$ 520,000 (c)	2.00 %	1.63 %	34681M RT5
2023	575,000	3.00	0.28	34681M RK4	2032	510,000 (c)	2.00	1.75	34681M RU2
2024	575,000	3.00	0.41	34681M RL2	2033	495,000 (c)	2.00	1.84	34681M RV0
2025	575,000	3.00	0.65	34681M RM0	2034	480,000 (c)	2.00	1.93	34681M RW8
2026	575,000	3.00	0.81	34681M RN8	2035	465,000 (c)	2.00	2.00	34681M RX6
2027	570,000 (c)	2.00	1.00	34681M RP3	2036	475,000 (c)	2.00	2.06	34681M RY4
2028	560,000 (c)	2.00	1.13	34681M RQ1	2037	460,000 (c)	2.00	2.10	34681M RZ1
2029	555,000 (c)	1.00	1.40	34681M RR9	2038	445,000 (c)	2.00	2.13	34681M SA5
2030	535,000 (c)	1.25	1.60	34681M RS7	2039	425,000 (c)	2.00	2.18	34681M SB3

- (a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from June 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 Underwriter 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. See “THE BONDS—Redemption Provisions.”

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. See “LEGAL MATTERS.” Certain legal matters will be reviewed by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter’s Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 4, 2021.

SAMCO CAPITAL

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027-7528 upon payment of the costs of duplication therefor.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this 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 Underwriter (as herein defined) and thereafter only as specified in "PREPARATION OF THE OFFICIAL STATEMENT—Updating the Official Statement."

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

<i>Description...</i>	The \$9,370,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”) are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors (the “Board”) of Fort Bend County Municipal Utility District No. 151 (the “District”). The Bonds are scheduled to mature serially on September 1 in each of the years 2022 through 2039, both inclusive, in the principal amounts and on the dates shown on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from June 1, 2021, and is payable September 1, 2021, and each March 1 and September 1 thereafter, until the earlier of maturity or prior redemption. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 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 at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds from the sale of the Bonds, together with lawfully available debt service funds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease \$9,100,000 of the Outstanding Bonds (defined herein) in order to achieve net savings in the District's annual debt service expense. The bonds to be refunded and discharged with Bond proceeds are referred to herein as the “Refunded Bonds.” After the issuance of the Bonds, \$52,540,000 principal amount of the Outstanding Bonds will remain outstanding (the “Remaining Outstanding Bonds”). See “FINANCIAL STATEMENT—Outstanding Bonds.”
<i>Authority for Issuance...</i>	The Bonds are the fifth series of bonds issued out of an aggregate of \$168,780,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of refunding outstanding bonds of the District. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government 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 “THE BONDS—Authority for Issuance.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds and the Remaining Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Fulshear, Fort Bend County, the State of Texas or any entity other than the District. See “THE BONDS—Source of Payment.”
<i>Payment Record...</i>	The District has previously issued twelve series of unlimited tax bonds, one series of unlimited tax park bonds and four series of unlimited tax refunding bonds, of which the District has \$61,640,000 principal amount of bonds outstanding (the “Outstanding Bonds”) as of the date hereof. The District has never defaulted on the debt service payments on the Outstanding Bonds. See “FINANCIAL STATEMENT—Outstanding Bonds.”

*Municipal Bond Rating and
Municipal Bond Insurance...*

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer"). Moody's has also assigned an underlying rating of "A1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

*Not Qualified Tax-Exempt
Obligations...*

The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Not Qualified Tax-Exempt Obligations."

Bond Counsel...

Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS," and "TAX MATTERS."

Financial Advisor...

Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."

Underwriter's Counsel...

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

Paying Agent/Registrar...

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

Escrow Agent...

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Defeasance of Refunded Bonds."

Verification Agent...

Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

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 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. 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 EVENTS; HURRICANE HARVEY

General..

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced 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 and Tropical Storm Imelda in September 2019.

Impact...

According to Inframark Water and Infrastructure Services (the “Operator”), the District’s System (as defined herein) did not sustain any material damage from Hurricane Harvey and there was no interruption of water and sewer service as a result of the storm. Further, the District did not receive any reports that taxable improvements within the District experienced 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, significant damage to the District’s facilities would result in significant expense for replacement or improvement to such facilities. 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—Recent Weather Events; Hurricane Harvey.”

THE DISTRICT

Description...

The District was created by order of the Texas Commission on Environmental Quality (the “Commission”), dated September 3, 2004. The District presently contains approximately 1,404 acres of land and is located in northern Fort Bend County approximately 30 miles west of downtown Houston, Texas. The District is split by F.M. 1463, which runs longitudinally through the District. The District lies entirely within the extraterritorial jurisdiction of the City of Fulshear. See “THE DISTRICT.”

Status of Development...

The District has been developed primarily for single family residential purposes by JDC/Firethorne, Ltd. (the “Developer”) as Firethorne. All of the developable acreage in the District is served with underground utilities. Construction of water, sanitary sewer and drainage facilities to serve Firethorne, Sections 1 through 12, and 14 through 29 and Firethorne West, Sections 1 through 12 and 14 through 19 (approximately 1,109 acres of land developed into 3,345 single-family residential lots) is complete. As of January 23, 2021, the District contained 3,013 single-family homes completed and occupied, 4 single-family homes completed and not occupied, 142 single-family homes in various stages of construction and 186 vacant developed lots. Builders in the District include Perry Homes, MHI Partnership, Ashton Woods and Saratoga Homes. New homes in the District range in offering prices from approximately \$150,000 to \$800,000.

Two gas stations with a convenience store and car wash, a CVS Pharmacy, a day care facility, five strip retail centers, an office and retail center, a tire shop and a public storage facility have been constructed on approximately 25 acres in the District, and there are approximately 8 additional acres in the District served with trunk facilities for future commercial development.

The District contains a multi-level swim center, recreation center, and meeting center, collectively, on approximately 13 acres, which includes a clubhouse, a fitness center, meeting facilities and entertainment areas. Additionally, the District contains lakes, parks and playgrounds, sports fields, tennis courts and walking trails. Some of the facilities are public recreational areas owned, operated and maintained by the District.

A fire station operated by the City of Katy, pursuant to an agreement for Automatic Aid Assistance, is located on approximately one acre in the District. Katy Independent School District has constructed an elementary school on approximately 13 acres in the District and Lamar Consolidated Independent School District has constructed an elementary school on approximately 14 acres in the District. Neither the fire station nor the elementary schools are subject to ad valorem taxation by the District.

Approximately 208 acres in the District consist of drainage, detention and pipeline easements, drill sites and District plant sites. In addition, approximately 15 acres are for recreational facilities and open space areas. See “THE DISTRICT—Status of Development.”

The Developer...

The developer of Firethorne is JDC/Firethorne, Ltd., a Texas limited partnership (the “Developer”). The general partner of the Developer is JDC GP, Inc., a Texas corporation. The limited partners are various limited partnerships, individuals, and trusts. Jefferson Development Company, a Texas corporation, is managing development in the District pursuant to a contract with the Developer. See “THE DEVELOPER.”

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Certified Taxable Assessed Valuation.....	\$1,113,200,364	(a)
2021 Preliminary Taxable Assessed Valuation.....	\$1,210,203,521	(b)
Gross Direct Debt Outstanding (the Remaining Outstanding Bonds and the Bonds)	\$61,910,000	(c)
Estimated Overlapping Debt	<u>56,349,391</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$118,259,391	
Ratios of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	5.56%	
2021 Preliminary Taxable Assessed Valuation.....	5.12%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation.....	10.62%	
2021 Preliminary Taxable Assessed Valuation.....	9.77%	
2020 Debt Service Tax Rate.....	\$0.54	
2020 Maintenance Tax Rate.....	<u>0.35</u>	
2020 Total Tax Rate.....	\$0.89	
Average Annual Debt Service Requirement (2022-2039) of the Bonds and the Remaining Outstanding Bonds ("Average Requirement").....	\$3,941,526	(e)
Maximum Annual Debt Service Requirement (2022) of the Bonds and the Remaining Outstanding Bonds ("Maximum Requirement").....	\$5,826,845	(e)
Tax Rate Required to Pay Average Requirement (2022-2039) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation	\$0.38	(f)
Based upon 2021 Preliminary Taxable Assessed Valuation	\$0.35	(f)
Tax Rate Required to Pay Maximum Requirement (2022) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation	\$0.56	(f)
Based upon 2021 Preliminary Taxable Assessed Valuation	\$0.51	(f)
Status of Development as of January 23, 2021:		
Single-family residential – Homes completed and occupied	3,013	
Single-family residential – Homes completed and unoccupied	4	
Single-family residential – Homes under construction	142	
Commercial Connections	17	
Other Connections.....	55	

Estimated 2021 Population – 10,546 (g)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2021. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds and the refunding of the Refunded Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
- (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (e) See "DEBT SERVICE REQUIREMENTS."
- (f) See "TAX DATA—Tax Adequacy Debt Service."
- (g) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

\$9,370,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 151
(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX REFUNDING BONDS
SERIES 2021

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 151 (the “District”) of its \$9,370,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”).

The Bonds are issued pursuant to an election held within the District, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended, 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 and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

PLAN OF FINANCING

Purpose

At a bond election held within the District on May 7, 2005, voters of the District authorized the issuance of \$168,780,000 principal amount of unlimited tax refunding bonds. The District currently has \$61,640,000 principal amount of bonds outstanding (the “Outstanding Bonds”).

The proceeds of the Bonds and lawfully available debt service funds will be used to currently refund and defease a portion of the District’s Unlimited Tax Bonds, Series 2013A totaling \$9,100,000 principal amount (the “Refunded Bonds”) in order to achieve a net savings in the District’s debt service expense. The proceeds will also be used to pay the costs of issuance of the Bonds. See “Sources and Uses of Funds.” A total of \$52,540,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the “Remaining Outstanding Bonds”). See “FINANCIAL STATEMENT—Outstanding Bonds.”

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Refunded Bonds

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

<u>Maturity Date</u> <u>September 1</u>	<u>Series</u> <u>2013A</u>
2022	\$ 500,000
2023	500,000
2024	500,000
2025	500,000
2026	500,000
2027	500,000
2028	500,000
2029	500,000
2030	500,000
2031	500,000
2032	500,000
2033	500,000
2034	500,000 (a)
2035	500,000 (a)
2036	525,000 (a)
2037	525,000 (b)
2038	525,000 (b)
2039	525,000 (b)
	<u>\$ 9,100,000</u>

Redemption Date: September 1, 2021

- (a) Represents term bonds in the total principal amount of \$1,525,000, scheduled to mature on September 1, 2036.
(b) Represents term bonds in the total principal amount of \$1,575,000, scheduled to mature on September 1, 2039.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, and lawfully available debt service funds will be applied as follows:

Sources of Funds:

Principal Amount of the Bonds	\$9,370,000.00
Plus: Net Premium on the Bonds.....	235,928.85
Plus: Transfer from Debt Service Fund	35,000.00
Total Sources of Funds.....	<u>\$9,640,928.85</u>

Uses of Funds:

Deposit to Escrow Fund.....	\$9,299,117.01
Issuance Expenses and Underwriter's Discount (a).....	341,811.84
Total Uses of Funds	<u>\$9,640,928.85</u>

- (a) Includes municipal bond insurance premium.

Escrow Agreement and Defeasance of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A. as escrow agent (the “Escrow Agent”).

The Bond Resolution provides that the District and the Escrow Agent will enter into an escrow agreement (the “Escrow Agreement”) to provide for the discharge and defeasance of the Refunded Bonds. The Bond Resolution further provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the “Escrow Fund”) and used to purchase United States Treasury Obligations (the “Escrowed Securities”) or other securities authorized by Chapter 1207, Texas Government Code. At the time of delivery of the Bonds, Public Finance Partners LLC, will verify to the District, the Escrow Agent and the Underwriter that the Escrowed Securities are sufficient in principal amount and are scheduled to mature at such times and to yield interest in such amounts, together with uninvested funds, if any, in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.” Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds. By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited and invested in the Escrow Fund will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds (\$9,100,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements		Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds			Total Debt Service Requirements
				Principal	Interest	Total	
2021	\$ 5,030,985	(a)	\$ 199,344	\$ -	\$ 51,647	\$ 51,647	\$ 4,883,288
2022	5,943,945		898,688	575,000	206,588	781,588	5,826,845
2023	5,740,320		882,438	575,000	189,338	764,338	5,622,220
2024	5,669,670		864,938	575,000	172,088	747,088	5,551,820
2025	5,613,445		846,813	575,000	154,838	729,838	5,496,470
2026	5,517,120		826,813	575,000	137,588	712,588	5,402,895
2027	5,452,133		806,813	570,000	120,338	690,338	5,335,658
2028	5,368,650		786,813	560,000	108,938	668,938	5,250,775
2029	5,294,975		766,188	555,000	97,738	652,738	5,181,525
2030	4,822,019		744,313	535,000	92,188	627,188	4,704,894
2031	4,220,181		721,813	520,000	85,500	605,500	4,103,869
2032	4,165,119		698,688	510,000	75,100	585,100	4,051,531
2033	4,041,469		674,938	495,000	64,900	559,900	3,926,431
2034	3,135,244		651,188	480,000	55,000	535,000	3,019,056
2035	2,988,444		627,438	465,000	45,400	510,400	2,871,406
2036	1,642,544		628,688	475,000	36,100	511,100	1,524,956
2037	1,188,563		603,750	460,000	26,600	486,600	1,071,413
2038	1,142,375		577,500	445,000	17,400	462,400	1,027,275
2039	1,096,188		551,250	425,000	8,500	433,500	978,438
Total	\$ 78,073,386		\$ 13,358,406	\$ 9,370,000	\$ 1,745,784	\$ 11,115,784	\$ 75,830,764

(a) Excludes the March 1, 2021 debt service payment in the amount of \$1,001,902.

Maximum Annual Debt Service Requirement (2022).....\$5,826,845
Average Annual Debt Service Requirements (2022-2039)\$3,941,526

THE BONDS

Description

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

Method of Payment of Principal and Interest

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

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

Source and Security for Payment

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

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

Funds

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

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. Any monies remaining after the refunding of the Refunded Bonds and payment of issuance costs will be deposited into the Debt Service Fund.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants 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

The District reserves the right, at its option, to redeem the Bonds maturing on or 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 any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption.

When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At a bond election held within the District on May 7, 2005, the voters of the District authorized the issuance of a total of \$168,780,000 principal amount of unlimited tax refunding bonds. After the issuance of the Bonds, \$166,080,000 authorized and unissued refunding bonds will remain from such authorization. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, an election held within the District and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT. See "LEGAL MATTERS—Legal Proceedings."

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

After the issuance of the Bonds, the District will have \$166,080,000 principal amount of unlimited tax bonds authorized but unissued to refund any outstanding bonds of the District, \$91,500,000 principal amount of unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage facilities, \$10,385,000 principal amount of unlimited tax bonds for park and recreational facilities and refunding purposes, and no bonds for fire facilities. Currently, the Developer has expended approximately \$4,600,000 for water, sanitary sewer and drainage facilities not yet reimbursed by the District. The District has authorized preparation of a bond application in the approximate amount of \$5,560,000 for water, sanitary sewer and drainage facilities, which it anticipates will be sold in late summer 2021. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District is authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. The Board adopted a fire plan and entered into a contract with Fort Bend County Emergency Services District No. 4, which previously provided fire protection services to the District, both of which were approved by the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") and the District's voters. The plan calls for a mandatory fire fee on customers' monthly water bill. On May 10, 2008, the District voters approved the fire plan, and authorized \$1,280,000 principal amount of unlimited tax fire-fighting bonds for the construction of a fire station, which have all been sold. The District has no remaining unlimited tax bonds for fire-fighting purposes authorized but unissued. On March 27, 2017, Fort Bend County Emergency Services District No. 4 notified the District of its intent to discontinue fire-fighting services to the District effective May 21, 2018. On May 1, 2018, the District entered into an Agreement for Automatic Aid Assistance between the District and the City of Katy, Texas to begin receiving fire-fighting services from the City of Katy beginning on May 21, 2018. The District funds a portion of its fire-fighting activities with surplus operating funds. See "THE FIRE PROTECTION FACILITIES."

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The District has adopted a Master Parks Plan. The District voters approved the plan and the issuance of unlimited tax bonds in the principal amount of \$17,960,000 for parks and recreational facilities, \$10,385,000 principal amount of which remains unissued. The outstanding principal amount of park bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. Further, the District has funded some recreational facilities from surplus operating funds.

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. Issuance of additional debt could dilute the investment security for the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

Annexation by the City of Fulshear

The District is located entirely within the extraterritorial jurisdiction of the City of Fulshear, Texas ("Fulshear" or the "City"). Under Texas law, the District may be annexed in whole, but not in part, by the City without the District's consent, in which case the City must dissolve the District and assume the assets, functions and liabilities of the District, including the Bonds, and any other indebtedness of the District existing at the time of the annexation. However, the Developer has entered into an agreement with the City whereby the City agreed not to annex any land in the District until 90% of land in the District is fully developed with improvements, the remaining 10% of land in the District is served with underground utilities, and the Developer has been fully reimbursed by the District or the City has agreed to assume complete liability for Developer reimbursement. The District makes no representation with respect to the likelihood of the annexation of the District by Fulshear, or the ability of Fulshear to pay principal and interest on the Bonds (or other bonded indebtedness) should annexation occur.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District is a municipal utility district created by order of the Commission dated September 3, 2004, 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 exclusive extraterritorial jurisdiction of Fulshear.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and to establish, operate, and maintain fire-fighting facilities. See "THE BONDS—Issuance of Additional Debt."

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which, along with Texas law, limit the purposes for which the District may sell bonds to pay for the acquisition, construction, and improvement of waterworks, wastewater, drainage, 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 public water, sewer, and drainage facilities to be designed in accordance with certain City standards. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

Description and Location

The District contains approximately 1,404 acres of land and is located in northern Fort Bend County approximately 30 miles west of downtown Houston, Texas. The District is split by F.M. 1463, which runs longitudinally through the District. Principal access to the District is presently provided from Interstate Highway 10.

Status of Development

The District has been developed primarily for single family residential purposes by the Developer as Firethorne. All of the developable acreage in the District is served with underground utilities. Construction of water, sanitary sewer and drainage facilities to serve Firethorne, Sections 1 through 12, and 14 through 29 and Firethorne West, Sections 1 through 12 and 14 through 19 (approximately 1,109 acres of land developed into 3,345 single-family residential lots) is complete.

Construction of homes is being conducted by four builders. Builders in the District include Perry Homes, MHI Partnership, Ashton Woods and Saratoga Homes. New homes in the District range in offering prices from approximately \$150,000 to \$800,000. Construction of homes began in the District in August 2005, and as of January 23, 2021, the District contained 3,159 single family homes completed or under construction as shown below:

Status of home construction as of January 23, 2021:

Single-family residential – completed and occupied	3,013
Single-family residential – completed and unoccupied	4
Single-family residential – under construction	142
Total	3,159

In addition, there are currently 186 vacant developed lots within the District available for construction.

Two gas stations with a convenience store and car wash, CVS Pharmacy, a day care facility, five retail strip centers, an office and retail center, a tire shop and a public storage facility have been constructed on approximately 25 acres in the District, and there are approximately 8 additional acres in the District served with trunk facilities for future commercial development.

The District contains a multi-level swim center, recreation center, and meeting center, collectively, on approximately 13 acres, which includes a clubhouse, a fitness center, meeting facilities and entertainment areas. Additionally, the District contains lakes, parks and playgrounds, sports fields, tennis courts and walking trails. Some of the facilities are public recreational areas owned, operated, and maintained by the District.

A fire station operated by the City of Katy, pursuant to an Agreement for Automatic Aid Assistance, is located on approximately one acre in the District and opened for service in June 2013. Katy Independent School District has constructed an elementary school on approximately 13 acres in the District and Lamar Consolidated Independent School District constructed an elementary school on approximately 14 acres in the District. Neither the fire station nor the elementary schools are subject to ad valorem taxation by the District.

Approximately 208 acres of land are contained in drainage, detention and pipeline easements, drill sites and District plant sites and approximately 15 acres are included in recreational facilities and open space areas. See “INVESTMENT CONSIDERATIONS.”

Community Facilities

Shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located approximately two miles northeast of the District in the Katy area along Interstate Highway 10. Fire protection for the District is provided by the City of Katy, Texas pursuant to the terms of the Automatic Aid Agreement. The nearest medical care facility for District residents is available from the Memorial Hermann Katy Hospital in the City of Katy, approximately two miles east of the District. Numerous other medical facilities are located in the Houston Metropolitan area. The land within the District is located within the boundaries of Katy Independent School District and Lamar Consolidated Independent School District. Children within the District attend elementary, junior high and high schools of Katy Independent School District and Lamar Consolidated Independent School District located within two miles of the District depending on where they live in the District.

THE FIRE PROTECTION FACILITIES

The District is authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. The District’s voters approved a fire plan and authorized the issuance of unlimited tax bonds in the principal amount of \$1,280,000 for firefighting projects, which have all been issued. The District has no remaining unlimited tax bonds for fire-fighting purposes authorized but unissued.

The District completed construction of a 5,500 square foot, fire station on approximately one acre in the District which opened for operation in June 2013. The fire station consists of two bays for fire trucks and one bay for other emergency vehicles. The District owns a 2017 Pierce Pumper Fire Engine. Pursuant to the Automatic Aid Agreement, fire protection services for persons, buildings and property within the District are currently provided by the City of Katy using firefighters from the City of Katy Fire Department (“KFD”). The fire station and all fixtures, appliances and furniture are owned by the District. The KFD provides all firefighting personnel necessary to provide firefighting activities and services and to operate the fire station on behalf of the City of Katy. The District charges a monthly charge of \$9.39 per residential unit and per 2,000 square feet of improved non-residential property in the District, which the District includes in its monthly water bill to the District’s customers. The District funds additional costs associated with fire-fighting services from surplus operating funds.

MANAGEMENT OF THE DISTRICT

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. All of the directors listed below reside within the District. 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:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Gier	President	May 2024
Sean Ryan Fitzsimmons	Vice President	May 2022
Louis James	Secretary	May 2022
Nathan H. Shipley	Asst. Secretary	May 2024
Cory McFarland	Asst. Vice President	May 2024

District Consultants

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

Bond Counsel/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District’s bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds.

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

Auditor: The financial statements of the District as of August 31, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's August 31, 2020 audited financial statements.

Engineer: The consulting engineer for the District in connection with the design and construction of the District's facilities is Jones & Carter, Inc. (the "Engineer").

Tax Assessor/Collector: Land and improvements within the District are appraised for ad valorem taxation purposes by the Fort Bend Central Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Tax Tech, Inc. is currently serving in this capacity for the District.

Bookkeeper: The District has engaged McLennan & Associates, L.P. to serve as the District's bookkeeper.

Operator: The District contracts with Inframark Water and Infrastructure Services for maintenance and operation of the District's system.

THE DEVELOPER

JDC/Firethorne, LTD

The primary developer of land is JDC/Firethorne, Ltd., a Texas limited partnership (the "Developer"). The general partner of the Developer is JDC GP, Inc., a Texas corporation and the limited partners are various limited partnerships, individuals, and trusts. The development manager of Firethorne is Jefferson Development Company, a Texas corporation.

THE 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 Fulshear, Fort Bend County and, in some instances, the Commission. Fort Bend County and the City of Fulshear 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 served by one water plant, which consists of four wells with a combined capacity of 4,290 gallons per minute (gpm), 2,400,000 gallons of ground storage capacity, 9,500 gpm booster capacity, 100,000 gallons pressure capacity, and related appurtenances. According to the Engineer, the District's facilities are adequate to serve approximately 3,559 equivalent single-family connections, based on Commission minimum requirements. The District presently provides service to approximately 3,231 equivalent single-family connections.

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 North Fort Bend Water Authority (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 the amount, if any, 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 through 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 water demand of the water users within the Authority’s GRP, beginning in the year 2014, which the Authority successfully accomplished; and (ii) limit groundwater withdrawals to no more than 40% of the total 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, currently \$6.50 per 1,000 gallons (“Disincentive Fees”), imposed by the Subsidence District for any groundwater withdrawn in excess of the Subsidence District’s applicable groundwater withdraw limitation at that time, as applied to the total 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 pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the 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 a permanent wastewater treatment plant which presently contains 900,000 gallons per day (“gpd”) of capacity. According to the Engineer, the 900,000 gpd capacity plant is capable of serving approximately 3,600 equivalent single-family connections under regulatory criteria. The District presently provides service to approximately 3,231 equivalent single-family connections. The District constructed a wastewater effluent re-use system with the capacity to distribute approximately 770,000 gallons per day of treated wastewater effluent for irrigation use within the District.

100-Year Floodplain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes and other improvements 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 and other improvements 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, approximately 52 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map, with the Conditional Letter of Map Revision that was approved by FEMA on April 2, 2014. Such acreage will not be developed for homesites or commercial reserves. See “INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey.”

Atlas 14

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

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
5/07/2005	Water, Sanitary Sewer and Drainage	\$168,780,000	\$77,280,000	\$91,500,000
5/07/2005	Refunding Bonds	\$168,780,000	\$2,700,000*	\$166,080,000*
5/10/2008	Fire Protection and Refunding Bonds	\$1,280,000	\$1,280,000	\$0
5/10/2008	Park and Refunding Bonds	\$17,960,000	\$7,575,000	\$10,385,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2020 Certified Taxable Assessed Valuation.....	\$1,113,200,364	(a)
2021 Preliminary Taxable Assessed Valuation.....	\$1,210,203,521	(b)

Gross Direct Debt Outstanding (the Remaining Outstanding Bonds and the Bonds) \$61,910,000 (c)

Ratios of Gross Direct Debt to:

2020 Certified Taxable Assessed Valuation	5.56%
2021 Preliminary Taxable Assessed Valuation	5.12%

Area of District – 1,404 acres
Estimated 2021 Population – 10,546 (d)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2021. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds and the refunding of the Refunded Bonds. See "Outstanding Bonds" herein.
- (d) Estimate based on 3.5 persons per occupied home.

Cash and Investment Balances (unaudited as of March 22, 2021)

General Operating Fund	Cash and Temporary Investments	\$13,491,950	
Capital Projects Fund	Cash and Temporary Investments	\$ 863,815	
Debt Service Fund	Cash and Temporary Investments	\$ 8,495,612	(a)

- (a) Includes \$5,030,985 for September 1, 2021 debt service payment. The District will apply \$35,000 of lawfully available debt service funds towards the purpose for which the Bonds are being issued. Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund. See "PLAN OF FINANCING—Sources and Uses of Funds."

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the current principal balance of the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds.

Series		Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2011		\$ 5,730,000	\$ 400,000	\$ -	\$ 400,000
2012		6,500,000	400,000	-	400,000
2013	(a)	1,280,000	1,010,000	-	1,010,000
2013A		12,600,000	9,600,000	9,100,000	500,000
2014		9,500,000	5,500,000	-	5,500,000
2015	(b)	15,315,000	12,450,000	-	12,450,000
2015A		9,700,000	7,700,000	-	7,700,000
2016	(c)	7,575,000	5,375,000	-	5,375,000
2017	(b)	3,680,000	3,625,000	-	3,625,000
2019	(b)	11,000,000	10,735,000	-	10,735,000
2020	(b)	4,845,000	4,845,000	-	4,845,000
Total		\$ 87,725,000	\$ 61,640,000	\$ 9,100,000	\$ 52,540,000
The Bonds					9,370,000
The Bonds and Remaining Outstanding Bonds					\$ 61,910,000

- (a) Unlimited Tax Bonds sold for fire protection.
(b) Unlimited Tax Refunding Bonds.
(c) Unlimited Tax Park Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 664,849,310	2/28/2021	1.24%	\$ 8,244,131
Fort Bend County Drainage District.....	25,405,000	2/28/2021	1.46%	370,913
Lamar Consolidated Independent School District (a)...	1,112,480,000	2/28/2021	1.55%	17,243,440
Katy Independent School District (a).....	1,804,195,631	2/28/2021	1.69%	30,490,906
Total Estimated Overlapping Debt.....				\$ 56,349,391
The District.....	61,910,000 (b)	Current	100.00%	61,910,000
Total Direct and Estimated Overlapping Debt.....				\$ 118,259,391
Ratio of Direct and Estimated Overlapping Debt to 2020 Certified Taxable Assessed Valuation.....				10.62%
Ratio of Direct and Estimated Overlapping Debt to 2021 Preliminary Taxable Assessed Valuation.....				9.77%

- (a) Approximately two-thirds of the District is within the boundaries of Katy ISD and approximately one-third of the District is within the boundaries of Lamar CISD. These entities do not overlap each other.
- (b) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes for 2020

Approximately 984 acres of the land in the District are in the Katy Independent School District.

	2020 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.453207
Katy Independent School District (a).....	<u>1.388880</u>
Total Overlapping Tax Rate.....	\$ 1.842087
The District.....	<u>0.890000</u>
Total Tax Rate.....	\$ 2.732087

Approximately 420 acres of the land in the District are in the Lamar Consolidated Independent School District.

	2020 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.453207
Lamar Consolidated Independent School District (a).....	<u>1.269100</u>
Total Overlapping Tax Rate.....	\$ 1.722307
The District.....	<u>0.890000</u>
Total Tax Rate.....	\$ 2.612307

TAX DATA

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of February 28, 2021 (a)	
				Amount	Percent
2016	\$ 1,003,313,482	\$1.00	\$ 10,033,135	\$ 10,033,044	100.00%
2017	1,026,688,482	0.97	9,958,878	9,955,895	99.97%
2018	1,066,579,807	0.95	10,132,508	10,129,559	99.97%
2019	1,073,889,279	0.93	9,987,170	9,978,398	99.91%
2020	1,113,200,364	0.89	9,912,107	9,604,463	96.90%

(a) Unaudited.

Taxes are due when billed and become delinquent after January 31 of the following year. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	\$ 0.54	\$ 0.54	\$ 0.56	\$ 0.58	\$ 0.62
Maintenance and Operations	0.35	0.39	0.39	0.39	0.38
Total	\$ 0.89	\$ 0.93	\$ 0.95	\$ 0.97	\$ 1.00

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: \$1.50 per \$100 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.

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 May 7, 2005, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. For the 2020 tax year, the Board adopted a maintenance tax in the amount of \$0.35 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

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 assessed 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. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

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

Summary of Assessed Value

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAX PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2018 through 2020 Certified Taxable Assessed Valuation. A breakdown of the 2021 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification is not included herein. 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.

	2020	2019	2018
Land	\$ 236,741,790	\$ 217,779,450	\$ 215,664,520
Improvements	914,919,528	891,891,726	883,807,384
Personal Property	7,270,510	7,621,520	7,111,850
Exemptions	(45,731,464)	(43,403,417)	(40,003,947)
Total	<u>\$ 1,113,200,364</u>	<u>\$ 1,073,889,279</u>	<u>\$ 1,066,579,807</u>

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property, and such property's taxable assessed value as a percentage of the 2020 Certified Taxable Assessed Valuation of \$1,113,200,364. This represents ownership as of January 1, 2020. A principal taxpayer list related to the 2021 Preliminary Taxable Assessed Valuation, of \$1,210,203,521, which is subject to review and downward adjustment prior to certification, is not currently available.

Taxpayer	Type of Property	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
PS LPT Properties Investors	Land & Improvements	\$ 7,839,160	0.70%
FT 1463 LLC	Land & Improvements	6,600,000	0.59%
MHI Partnership Ltd.	Land	3,948,000	0.35%
KM Firethorne Partners LLC	Land & Improvements	3,735,810	0.34%
Perry Homes LLC	Land	3,632,400	0.33%
FPG Capital LLC	Land & Improvements	3,474,720	0.31%
Ashton Houston Residential LLC	Land	3,133,200	0.28%
BPPS Firethorne Property LLC	Land & Improvements	2,626,300	0.24%
Texas Petroleum Group LLC	Land, Improvements & Personal Property	2,463,360	0.22%
Cole CV Katy TX LLC	Land & Improvements	2,456,770	0.22%
Total		<u>\$ 39,909,720</u>	<u>3.59%</u>

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 the 2021 Preliminary Taxable Assessed Valuation of \$1,210,203,521, which is subject to review and downward adjustment prior to certification and utilize tax rates necessary to pay the District's average annual and maximum annual debt service requirements on the Bonds and the Remaining Outstanding Bonds. See "DEBT SERVICE REQUIREMENTS" and "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates."

Average annual debt service requirement (2022-2039).....	\$3,941,526
\$0.38 tax rate on the 2020 Certified Taxable Assessed Valuation of \$1,113,200,364 at a 95% collection rate produces.....	\$4,018,653
\$0.35 tax rate on the 2021 Preliminary Taxable Assessed Valuation of \$1,210,203,521 at a 95% collection rate produces.....	\$4,023,927
Maximum annual debt service requirement (2022).....	\$5,826,845
\$0.56 tax rate on the 2020 Certified Taxable Assessed Valuation of \$1,113,200,364 at a 95% collection rate produces.....	\$5,922,226
\$0.51 tax rate on the 2021 Preliminary Taxable Assessed Valuation of \$1,210,203,521 at a 95% collection rate produces.....	\$5,863,436

No representation or suggestion is made that the 2021 Preliminary Taxable Assessed Valuation provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING 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 Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax and Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the tax procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore,

the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon 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 residential 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 an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

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

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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 tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as “Special Taxing Units.” Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate 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 Taxes 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 amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser’s deed issued at the foreclosure sale is filed in the county records. The District’s ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See “INVESTMENT CONSIDERATIONS—Tax Collection Limitations and Foreclosure Remedies.”

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WATER AND SEWER OPERATIONS

General

The Bonds and the Remaining 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 and the Remaining Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Remaining Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that significant revenues, if any, will be available for the payment of debt service on the Bonds and the Remaining 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 the fiscal years ended August 31, 2016 through August 31, 2020. Reference is made to such statements and records for further and more complete information

	Fiscal Year Ended August 31				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	\$ 4,194,699	\$ 4,153,299	\$ 3,995,537	\$ 3,813,352	\$ 2,648,725
Water Service	1,334,496	1,292,079	1,390,996	1,383,212	1,391,793
Sewer Service	665,975	576,215	506,434	594,129	516,304
Regional Water Fee	1,775,992	1,517,735	1,697,999	1,327,158	1,199,147
Fire Service	374,048	360,841	366,840	333,330	330,030
Penalty & Interest	46,142	52,423	38,475	67,255	53,353
Tap Connection and Inspection	150,027	30,858	67,808	181,004	352,717
Investment Earnings	122,737	247,236	146,389	53,218	16,168
Total Revenues	\$ 8,664,116	\$ 8,230,686	\$ 8,210,478	\$ 7,752,658	\$ 6,508,237
Expenditures					
Regional Water Fee	\$ 1,828,756	\$ 1,527,432	\$ 1,666,560	\$ 1,374,184	\$ 1,256,135
Professional Fees	310,634	307,092	318,016	299,155	219,909
Contracted Services	2,715,878	2,290,137	1,418,089	992,517	910,915
Utilities	260,987	254,732	307,717	259,116	236,142
Repairs and Maintenance	1,912,165	1,558,895	1,543,289	1,351,017	1,290,809
Other Expenditures	352,340	320,907	266,934	236,841	258,432
Tap Connection and Inspection	91,722	2,253	14,457	73,175	145,681
Capital Outlay	125,597	391,445	2,287,104 (a)	68,513	363,989
Total Expenditures	\$ 7,598,079	\$ 6,652,893	\$ 7,822,166	\$ 4,654,518	\$ 4,682,012
Revenues Over (Under) Expenditures	\$ 1,066,037	\$ 1,577,793	\$ 388,312	\$ 3,098,140	\$ 1,826,225
Other Sources (Uses)					
Interfund Transfers	\$ -	\$ -	\$ -	\$ (1,000)	\$ -
Insurance Proceeds	33,694	74,290	-	-	-
Fund Balance (Beginning of Year)	\$ 11,405,914	\$ 9,753,831	\$ 9,365,519	\$ 6,268,379	\$ 4,442,154
Fund Balance (End of Year)	\$ 12,505,645	\$ 11,405,914	\$ 9,753,831	\$ 9,365,519	\$ 6,268,379

(a) Purchase of a fire station truck and other fire station expenditures in addition to expenditures related to the automated electronic meter replacement program.

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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

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

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

Recent Extreme Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced 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 and Tropical Storm Imelda in September 2019.

According to the Operator, the District’s System did not sustain any material damage from Hurricane Harvey and there was no interruption of water and sewer service as a result of the storm. Further, the District did not receive any reports that taxable improvements within the District experienced 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, significant damage would result in significant expense for replacement or improvement to District facilities. 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 of developed lots. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential lots of this type and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see “Credit Market and Liquidity in the Financial Markets”) below, construction costs, and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 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 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 30 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 builders 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 Developer or the builders will be implemented or, if implemented, will be successful.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their ad valorem taxes. The 2020 Certified Taxable Assessed Valuation of the District is \$1,113,200,364. See “FINANCIAL STATEMENT (UNAUDITED).” After issuance of the Bonds, the maximum annual debt service requirement will be \$5,826,845 (2022) and the average annual debt service requirement will be \$3,941,526 (2022-2039). 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 \$0.56 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$5,826,845 and a tax rate of \$0.38 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$3,941,526. See “DEBT SERVICE REQUIREMENTS.” The 2021 Preliminary Taxable Assessed Valuation within the District is \$1,210,203,521. Assuming no increase or decrease from the 2021 Preliminary Taxable Assessed Valuation and a 95% collection rate, tax rates of \$0.51 and \$0.35 per \$100 assessed valuation would be necessary to pay the maximum annual requirement and the average annual requirement, respectively.

Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Remaining Outstanding Bonds based upon the 2020 Certified Taxable Assessed Valuation and the 2021 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, 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 major taxpayers do not pay their District taxes timely. 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 \$91,500,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, \$166,080,000 principal amount of unlimited tax refunding bonds, and \$10,385,000 principal amount of unlimited tax bonds for park and recreational facilities and refunding purposes. Currently, the Developer has expended approximately \$4,600,000 for water, sanitary sewer and drainage facilities not yet reimbursed by the District. The District has authorized preparation of a bond application in the approximate amount of \$5,560,000 for water, sanitary sewer and drainage facilities, which it anticipates will be sold in late summer 2021. See “THE BONDS—Issuance of Additional Debt” and “THE SYSTEM.” 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 or park facilities must be approved by the Commission.

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Taxes for 2020”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code

could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

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.

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

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

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

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

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

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

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

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

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

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

Marketability

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

Continuing Compliance with Certain Covenants

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

Changes in Tax Legislation

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

Risk Factors on Municipal Bond Insurance

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

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

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

LEGAL MATTERS

Legal Proceedings

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

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

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 judgement 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 judgement, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President 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 no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds have **not** been designated "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of \$9,537,241.58 (representing the par amount of the Bonds of \$9,370,000.00, plus a net premium on the Bonds of \$235,928.85, less an Underwriter's discount of \$68,687.27) plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

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

Prices and Marketability

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

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

Securities Laws

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

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

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

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

December 31, 2020:

- The policyholders' surplus of AGM was approximately \$2,864 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$940 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,112 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this OFFICIAL STATEMENT and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

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

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 Tax Tech Inc., and is included herein in reliance upon its authority as an expert in assessing and collecting taxes.

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” and “THE SYSTEM” has been provided by Jones & Carter, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of August 31, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s August 31, 2020, audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has 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 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 updated financial information and operating data to the MSRB through its EMMA system. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM," "FINANCIAL STATEMENT (UNAUDITED)," "TAX DATA," "WATER AND SEWER OPERATIONS," "DEBT SERVICE REQUIREMENTS," (most of which information is contained in the District's annual audited financial statements) and in Appendix A. The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2021.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements within the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of

terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

/s/ Keith Gier
President, Board of Directors

ATTEST:

/s/ Louis James
Secretary, Board of Directors

APPENDIX A

Audited Financial Statements for the Fiscal Year Ended August 31, 2020

Fort Bend County Municipal Utility District No. 151

Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

August 31, 2020



Fort Bend County Municipal Utility District No. 151

August 31, 2020

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 151
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. 151 (the District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2020, and the respective changes in financial position thereof 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 budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
January 11, 2021

Fort Bend County Municipal Utility District No. 151

Management's Discussion and Analysis

August 31, 2020

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Fort Bend County Municipal Utility District No. 151

Management's Discussion and Analysis (Continued)

August 31, 2020

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Fort Bend County Municipal Utility District No. 151
Management's Discussion and Analysis (Continued)
August 31, 2020

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2020	2019
Current and other assets	\$ 18,906,638	\$ 18,041,719
Capital assets	<u>67,378,139</u>	<u>65,415,525</u>
Total assets	<u>86,284,777</u>	<u>83,457,244</u>
Deferred outflows of resources	<u>2,018,247</u>	<u>1,966,742</u>
Total assets and deferred outflows of resources	<u>\$ 88,303,024</u>	<u>\$ 85,423,986</u>
Long-term liabilities	\$ 65,246,912	\$ 65,038,209
Other liabilities	<u>766,748</u>	<u>522,688</u>
Total liabilities	<u>66,013,660</u>	<u>65,560,897</u>
Net position:		
Net investment in capital assets	5,463,580	3,803,029
Restricted	4,299,845	4,636,979
Unrestricted	<u>12,525,939</u>	<u>11,423,081</u>
Total net position	<u>\$ 22,289,364</u>	<u>\$ 19,863,089</u>

The total net position of the District increased by \$2,426,275, or about 12 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bond indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Fort Bend County Municipal Utility District No. 151
Management's Discussion and Analysis (Continued)
August 31, 2020

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	\$ 9,986,154	\$ 10,133,154
Charges for services	4,150,511	3,746,870
Other revenues	532,677	882,239
	<hr/>	<hr/>
Total revenues	14,669,342	14,762,263
	<hr/>	<hr/>
Expenses:		
Services	7,671,177	6,453,220
Depreciation	2,147,933	2,057,623
Debt service	2,423,957	2,852,188
	<hr/>	<hr/>
Total expenses	12,243,067	11,363,031
	<hr/>	<hr/>
Change in net position	2,426,275	3,399,232
Net position, beginning of year	19,863,089	16,463,857
	<hr/>	<hr/>
Net position, end of year	\$ 22,289,364	\$ 19,863,089
	<hr/>	<hr/>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended August 31, 2020, were \$18,128,621, an increase of \$660,417 from the prior year.

The general fund's fund balance increased by \$1,099,731. This increase was primarily due to property taxes and service revenues in excess of service operations and capital outlay expenditures.

The debt service fund's fund balance decreased by \$323,801, primarily due to bond principal and interest requirements and contracted services expenditures exceeding property tax revenues generated and investment income.

The capital projects fund's fund balance decreased by \$115,513, due to capital outlay expenditures incurred for construction of District facilities exceeding proceeds from the sale of land and investment income.

Fort Bend County Municipal Utility District No. 151

Management's Discussion and Analysis (Continued)

August 31, 2020

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, water and sewer service revenues, tap connection and inspection fee revenues and related expenditures, regional water fee revenues and expenditures, and contracted services and repairs and maintenance expenditures, being greater than anticipated and investment income being less than anticipated. In addition, capital outlay expenditures were incurred and insurance proceeds were received but not included in the current year budget. The fund balance as of August 31, 2020, was expected to be \$12,750,721 and the actual end-of-year fund balance was \$12,505,645.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

Capital Assets (Net of Accumulated Depreciation)

	2020	2019
Land and improvements	\$ 15,544,979	\$ 15,544,979
Construction in progress	176,334	-
Water facilities	15,502,327	15,531,972
Wastewater facilities	14,416,976	14,128,964
Drainage facilities	15,026,389	12,911,902
Fire facilities	2,004,159	2,102,212
Park facilities	4,706,975	5,195,496
	<hr/>	<hr/>
Total capital assets	\$ 67,378,139	\$ 65,415,525
	<hr/>	<hr/>

During the current year, additions to capital assets were as follows:

Construction in progress related to improvements of lake deck, perimeter fencing, park facilities and West Firethorne Road right of way	\$ 176,334
Water, wastewater and storm sewer facilities to serve Firethorne West, Sections 15, 17, 18 and 19	3,830,456
Wastewater treatment plant step screen	103,757
	<hr/>
Total additions to capital assets	\$ 4,110,547
	<hr/>

Fort Bend County Municipal Utility District No. 151
Management's Discussion and Analysis (Continued)
August 31, 2020

Debt

The changes in the debt position of the District during the fiscal year ended August 31, 2020, are summarized as follows:

Long-term debt payable, beginning of year	\$ 65,038,209
Increases in long-term debt	8,892,094
Decreases in long-term debt	<u>(8,683,391)</u>
Long-term debt payable, end of year	<u><u>\$ 65,246,912</u></u>

A developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to approval of the Commission. At August 31, 2020, a liability for developer-constructed capital assets of \$3,830,456 is recorded in the government-wide financial statements.

At August 31, 2020, the District has \$91,500,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the District's water, sanitary sewer and drainage systems. The District also has \$166,350,000 in unlimited tax refunding bonds authorized, but unissued, for the purpose of refunding any outstanding bonds of the District for water, sewer and drainage facilities. In addition, the District has \$10,385,000 in parks and recreation bonds, and refunding of the same, authorized, but unissued. Finally, the District has \$1,280,000 in fire plan bonds authorized and issued.

On July 23, 2020, the District issued \$4,845,000, in Unlimited Tax Refunding Bonds, Series 2020, to refund \$4,850,000 of outstanding Series 2012 unlimited tax bonds. The District refunded the bonds to reduce total debt service payments over future years by \$431,753 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$359,299.

The District's bonds carry an underlying rating of "A1" from Moody's Investors Service and "BBB+" from Standard & Poor's. The Series 2011, 2012, 2015A and 2020 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2013A and Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2014, 2016 park, 2017 refunding and 2019 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Fort Bend County Municipal Utility District No. 151
Management's Discussion and Analysis (Continued)
August 31, 2020

Other Relevant Factors

Relationship to the City of Fulshear

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Fulshear (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Contingencies

A developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,380,000. This amount has not been recorded in the financial statements since the facilities are not complete nor operational.

Fort Bend County Municipal Utility District No. 151
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 196,506	\$ 87,900	\$ 2,000	\$ 286,406	\$ -	\$ 286,406
Short-term investments	12,163,640	3,756,154	2,110,191	18,029,985	-	18,029,985
Receivables:						
Property taxes	10,236	14,366	-	24,602	-	24,602
Service accounts	565,210	-	-	565,210	-	565,210
Interfund receivables	323,819	6,028	-	329,847	(329,847)	-
Prepaid expenditures	435	-	-	435	-	435
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	15,544,979	15,544,979
Construction in progress	-	-	-	-	176,334	176,334
Infrastructure	-	-	-	-	44,945,692	44,945,692
Fire	-	-	-	-	2,004,159	2,004,159
Parks	-	-	-	-	4,706,975	4,706,975
Total assets	<u>13,259,846</u>	<u>3,864,448</u>	<u>2,112,191</u>	<u>19,236,485</u>	<u>67,048,292</u>	<u>86,284,777</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,018,247</u>	<u>2,018,247</u>
Total assets and deferred outflows of resources	<u>\$ 13,259,846</u>	<u>\$ 3,864,448</u>	<u>\$ 2,112,191</u>	<u>\$ 19,236,485</u>	<u>\$ 69,066,539</u>	<u>\$ 88,303,024</u>

Fort Bend County Municipal Utility District No. 151
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 462,418	\$ 6,979	\$ 830	\$ 470,227	\$ -	\$ 470,227
Accrued interest payable	-	7,669	-	7,669	13,333	21,002
Customer deposits	265,461	-	-	265,461	-	265,461
Interfund payables	6,028	2,873	320,946	329,847	(329,847)	-
Retainage payable	10,058	-	-	10,058	-	10,058
Long-term liabilities:						
Due within one year	-	-	-	-	4,050,000	4,050,000
Due after one year	-	-	-	-	61,196,912	61,196,912
Total liabilities	743,965	17,521	321,776	1,083,262	64,930,398	66,013,660
Deferred Inflows of Resources						
Deferred property tax revenues	10,236	14,366	0	24,602	(24,602)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	435	-	-	435	(435)	-
Restricted:						
Unlimited tax bonds	-	3,832,561	-	3,832,561	(3,832,561)	-
Water, sewer and drainage	-	-	926,213	926,213	(926,213)	-
Parks and recreation	-	-	864,202	864,202	(864,202)	-
Unassigned	12,505,210	-	-	12,505,210	(12,505,210)	-
Total fund balances	12,505,645	3,832,561	1,790,415	18,128,621	(18,128,621)	0
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,259,846</u>	<u>\$ 3,864,448</u>	<u>\$ 2,112,191</u>	<u>\$ 19,236,485</u>		
Net position:						
Net investment in capital assets					5,463,580	5,463,580
Restricted for debt service					3,833,594	3,833,594
Restricted for capital projects					466,251	466,251
Unrestricted					12,525,939	12,525,939
Total net position					<u>\$ 22,289,364</u>	<u>\$ 22,289,364</u>

Fort Bend County Municipal Utility District No. 151
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 4,194,699	\$ 5,808,844	\$ -	\$ 10,003,543	\$ (17,389)	\$ 9,986,154
Water service	1,334,496	-	-	1,334,496	-	1,334,496
Sewer service	665,975	-	-	665,975	-	665,975
Regional water fee	1,775,992	-	-	1,775,992	-	1,775,992
Fire service	374,048	-	-	374,048	-	374,048
Penalty and interest	46,142	49,391	-	95,533	(8,836)	86,697
Tap connection and inspection fees	150,027	-	-	150,027	-	150,027
Investment income	122,737	58,806	21,955	203,498	-	203,498
Other income	-	-	-	-	92,455	92,455
Total revenues	8,664,116	5,917,041	21,955	14,603,112	66,230	14,669,342
Expenditures/Expenses						
Service operations:						
Regional water fee	1,828,756	-	-	1,828,756	-	1,828,756
Professional fees	310,634	15,361	-	325,995	17,234	343,229
Contracted services	2,715,878	143,635	-	2,859,513	-	2,859,513
Utilities	260,987	-	-	260,987	-	260,987
Repairs and maintenance	1,912,165	-	-	1,912,165	21,840	1,934,005
Other expenditures	343,340	6,964	2,661	352,965	-	352,965
Tap connections	91,722	-	-	91,722	-	91,722
Capital outlay	125,597	-	193,568	319,165	(319,165)	-
Depreciation	-	-	-	-	2,147,933	2,147,933
Debt service:						
Principal retirement	-	4,010,000	-	4,010,000	(4,010,000)	-
Interest and fees	-	2,021,411	-	2,021,411	212,219	2,233,630
Debt issuance costs	9,000	181,327	-	190,327	-	190,327
Debt defeasance	-	49,500	-	49,500	(49,500)	-
Total expenditures/expenses	7,598,079	6,428,198	196,229	14,222,506	(1,979,439)	12,243,067
Excess (Deficiency) of Revenues Over Expenditures	1,066,037	(511,157)	(174,274)	380,606	2,045,669	

Fort Bend County Municipal Utility District No. 151
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	\$ -	\$ 4,845,000	\$ -	\$ 4,845,000	\$ (4,845,000)	
Payment to escrow agent	-	(4,874,282)	-	(4,874,282)	4,874,282	
Premium on debt issued	-	216,638	-	216,638	(216,638)	
Proceeds from sale of land	-	-	58,761	58,761	(58,761)	
Insurance proceeds	33,694	-	-	33,694	(33,694)	
Total other financing sources	33,694	187,356	58,761	279,811	(279,811)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,099,731	(323,801)	(115,513)	660,417	(660,417)	
Change in Net Position					2,426,275	\$ 2,426,275
Fund Balances/Net Position						
Beginning of year	11,405,914	4,156,362	1,905,928	17,468,204	-	19,863,089
End of year	\$ 12,505,645	\$ 3,832,561	\$ 1,790,415	\$ 18,128,621	\$ 0	\$ 22,289,364

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Fort Bend County Municipal Utility District No. 151 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective September 3, 2004, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides parks, recreation and fire facilities and contracts for fire protection services.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis.

Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended August 31, 2020, include collections during the current period or within 60 days of year-end related to the 2019 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended August 31, 2020, the 2019 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Fire facilities	10-45
Park facilities	10-20

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 67,378,139
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	24,602
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	2,018,247
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(13,333)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(65,246,912)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 4,160,743</u>

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 660,417
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and noncapitalized costs exceeded capital outlay expenditures in the current year.	(1,867,842)
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	4,088,782
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(216,638)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(26,225)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(212,219)</u>
Change in net position of governmental activities.	<u>\$ 2,426,275</u>

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

At August 31, 2020, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating by a nationally recognized investment rating firm not less than "A," or its equivalent, bonds issued, assumed, or guaranteed by the State of Israel, insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At August 31, 2020, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 18,029,985	\$ 18,029,985	\$ 0	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2020, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at August 31, 2020, as follows:

Carrying value:	
Deposits	\$ 286,406
Investments	18,029,985
	<hr/>
Total	\$ 18,316,391
	<hr/>

Investment Income

Investment income of \$203,498 for the year ended August 31, 2020, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2020, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 15,544,979	\$ -	\$ 15,544,979
Construction in progress	-	176,334	176,334
	<hr/>	<hr/>	<hr/>
Total capital assets, non-depreciable	15,544,979	176,334	15,721,313
	<hr/>	<hr/>	<hr/>
Capital assets, depreciable:			
Water production and distribution facilities	19,627,770	514,515	20,142,285
Wastewater collection and treatment facilities	18,620,639	857,169	19,477,808
Drainage facilities	16,620,174	2,562,529	19,182,703
Fire facilities	2,541,053	-	2,541,053
Park facilities	7,395,500	-	7,395,500
	<hr/>	<hr/>	<hr/>
Total capital assets, depreciable	64,805,136	3,934,213	68,739,349
	<hr/>	<hr/>	<hr/>

Fort Bend County Municipal Utility District No. 151
Notes to Financial Statements
August 31, 2020

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Less accumulated depreciation:			
Water production and distribution facilities	\$ (4,095,798)	\$ (544,160)	\$ (4,639,958)
Wastewater collection and treatment facilities	(4,491,675)	(569,157)	(5,060,832)
Drainage facilities	(3,708,272)	(448,042)	(4,156,314)
Fire facilities	(438,841)	(98,053)	(536,894)
Park facilities	(2,200,004)	(488,521)	(2,688,525)
	<u>(14,934,590)</u>	<u>(2,147,933)</u>	<u>(17,082,523)</u>
Total accumulated depreciation			
	<u>\$ 65,415,525</u>	<u>\$ 1,962,614</u>	<u>\$ 67,378,139</u>
Total governmental activities, net			

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended August 31, 2020, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 65,655,000	\$ 4,845,000	\$ 8,860,000	\$ 61,640,000	\$ 4,050,000
Add premiums on bonds	269,901	216,638	14,609	471,930	-
Less discounts on bonds	886,692	-	191,218	695,474	-
	<u>65,038,209</u>	<u>5,061,638</u>	<u>8,683,391</u>	<u>61,416,456</u>	<u>4,050,000</u>
Due to developer	-	3,830,456	-	3,830,456	-
	<u>-</u>	<u>3,830,456</u>	<u>-</u>	<u>3,830,456</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 65,038,209</u>	<u>\$ 8,892,094</u>	<u>\$ 8,683,391</u>	<u>\$ 65,246,912</u>	<u>\$ 4,050,000</u>

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

General Obligation Bonds

	Series 2011	Series 2012
Amounts outstanding, August 31, 2020	\$400,000	\$400,000
Interest rates	3.40%	2.50%
Maturity dates, serially beginning/ending	September 1, 2021	September 1, 2021/2022
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	September 1, 2020
	Series 2013 Fire Plan	Series 2013A
Amounts outstanding, August 31, 2020	\$1,010,000	\$9,600,000
Interest rates	3.000% to 4.375%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2021/2036	September 1, 2021/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2021	September 1, 2021
	Series 2014	Refunding Series 2015
Amounts outstanding, August 31, 2020	\$5,500,000	\$12,450,000
Interest rates	2.00% to 4.00%	2.000% to 3.625%
Maturity dates, serially beginning/ending	September 1, 2021/2039	September 1, 2021/2033
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	September 1, 2023

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

	Series 2015A	Series 2016 Park
Amounts outstanding, August 31, 2020	\$7,700,000	\$5,375,000
Interest rates	2.00% to 3.75%	1.00% to 2.75%
Maturity dates, serially beginning/ending	September 1, 2021/2039	September 1, 2021/2030
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2023	September 1, 2023
	Refunding Series 2017	Refunding Series 2019
Amounts outstanding, August 31, 2020	\$3,625,000	\$10,735,000
Interest rates	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2021/2033	September 1, 2021/2036
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2024	September 1, 2024
		Refunding Series 2020
Amount outstanding, August 31, 2020		\$4,845,000
Interest rates		2.00% to 4.00%
Maturity dates, serially beginning/ending		September 1, 2023/2036
Interest payment dates		March 1/ September 1
Callable date*		September 1, 2026

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Year	Principal	Interest	Total
2021	\$ 4,050,000	\$ 1,982,887	\$ 6,032,887
2022	4,085,000	1,858,945	5,943,945
2023	3,985,000	1,755,320	5,740,320
2024	4,025,000	1,644,670	5,669,670
2025	4,090,000	1,523,445	5,613,445
2026-2030	20,770,000	5,684,899	26,454,899
2031-2035	16,035,000	2,515,457	18,550,457
2036-2039	4,600,000	469,669	5,069,669
Total	<u>\$ 61,640,000</u>	<u>\$ 17,435,292</u>	<u>\$ 79,075,292</u>

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

Bonds voted:

Water, sewer and drainage	\$ 168,780,000
Parks and recreation (and refunding)	17,960,000
Fire plan	1,280,000

Bonds sold:

Water, sewer and drainage	77,280,000
Parks and recreation	7,575,000
Fire plan	1,280,000
Refunding bonds (water, sewer and drainage facilities) voted	168,780,000
Refunding bond (water, sewer and drainage facilities) authorization used	2,430,000

Due to Developer

A developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to approval of the Commission. At August 31, 2020, a liability for developer-constructed capital assets of \$3,830,456 is recorded in the government-wide financial statements.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended August 31, 2020, the District levied an ad valorem debt service tax at the rate of \$0.5400 per \$100 of assessed valuation, which resulted in a tax levy of \$5,799,228 on the taxable valuation of \$1,073,931,219 for the 2019 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$6,023,361.

Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a maintenance tax not to exceed \$1.50 per \$100 valuation on all property within the District subject to taxation. During the year ended August 31, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.3900 per \$100 of assessed valuation, which resulted in a tax levy of \$4,188,332 on the taxable valuation of \$1,073,931,219 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Regional Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which regulates groundwater withdrawal. As of August 31, 2020, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Fort Bend County Municipal Utility District No. 151

Notes to Financial Statements

August 31, 2020

Note 9: Refunding Bonds

On July 23, 2020, the District issued \$4,845,000 in Unlimited Tax Refunding Bonds, Series 2020, to refund \$4,850,000 of outstanding Series 2012 unlimited tax bonds. The District refunded the bonds to reduce total debt service payments over future years by \$431,753 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$359,299.

Note 10: Contingencies

A developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,380,000. This amount has not been recorded in the financial statements since the facilities are not complete nor operational.

Note 11: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 151
Budgetary Comparison Schedule – General Fund
Year Ended August 31, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 4,109,414	\$ 4,194,699	\$ 85,285
Water service	1,215,000	1,334,496	119,496
Sewer service	556,950	665,975	109,025
Regional water fee	1,295,750	1,775,992	480,242
Fire service	361,800	374,048	12,248
Penalty and interest	43,020	46,142	3,122
Tap connection and inspection fees	78,660	150,027	71,367
Investment income	264,000	122,737	(141,263)
	<u>7,924,594</u>	<u>8,664,116</u>	<u>739,522</u>
Total revenues			
	<u>7,924,594</u>	<u>8,664,116</u>	<u>739,522</u>
Expenditures			
Service operations:			
Regional water fee	1,275,750	1,828,756	(553,006)
Professional fees	286,600	310,634	(24,034)
Contracted services	2,628,704	2,715,878	(87,174)
Utilities	259,380	260,987	(1,607)
Repairs and maintenance	1,750,349	1,912,165	(161,816)
Other expenditures	342,284	343,340	(1,056)
Tap connections	36,720	91,722	(55,002)
Capital outlay	-	125,597	(125,597)
Debt issuance costs	-	9,000	(9,000)
	<u>6,579,787</u>	<u>7,598,079</u>	<u>(1,018,292)</u>
Total expenditures			
	<u>6,579,787</u>	<u>7,598,079</u>	<u>(1,018,292)</u>
Excess of Revenues Over Expenditures	1,344,807	1,066,037	(278,770)
Other Financing Sources			
Insurance proceeds	-	33,694	33,694
	<u>-</u>	<u>33,694</u>	<u>33,694</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,344,807	1,099,731	(245,076)
Fund Balance, Beginning of Year	11,405,914	11,405,914	-
	<u>11,405,914</u>	<u>11,405,914</u>	<u>-</u>
Fund Balance, End of Year	\$ 12,750,721	\$ 12,505,645	\$ (245,076)
	<u>\$ 12,750,721</u>	<u>\$ 12,505,645</u>	<u>\$ (245,076)</u>

Fort Bend County Municipal Utility District No. 151

Notes to Required Supplementary Information

August 31, 2020

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal year 2020.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Fort Bend County Municipal Utility District No. 151
Other Schedules Included Within This Report
August 31, 2020

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-28
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund -
Five Years
- [X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 151

Schedule of Services and Rates

Year Ended August 31, 2020

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input checked="" type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other		

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 24.00	5,000	N	\$ 1.00	5,001 to	10,000
				\$ 1.50	10,001 to	15,000
				\$ 2.00	15,000 to	20,000
				\$ 3.00	20,000 to	25,000
				\$ 4.50	25,000 to	No Limit
Wastewater:	\$ 17.00	0	Y			
Regional water fee:	\$ 4.15	1,000	N	\$ 4.15	1,001 to	No Limit
Fire protection fee:	\$ 9.39	N/A	Y			

Does the District employ winter averaging for wastewater usage?

Yes ☐ No ☒

Total charges per 10,000 gallons usage (including fees):

Water \$ 70.50 Wastewater \$ 17.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,530	1,526	x1.0	1,526
1"	1,533	1,530	x2.5	3,825
1 1/2"	6	6	x5.0	30
2"	46	45	x8.0	360
3"	-	-	x15.0	-
4"	2	2	x25.0	50
6"	1	1	x50.0	50
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	3,118	3,110		5,841
Total wastewater	3,067	3,059	x1.0	3,059

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	476,079
Gallons billed to customers:	462,778
Water accountability ratio (gallons billed/gallons pumped):	97.21%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 151
Schedule of General Fund Expenditures
Year Ended August 31, 2020

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	19,600	
Legal		207,141	
Engineering		83,893	
Financial advisor		-	310,634
Purchased Services for Resale			
Bulk water and wastewater service purchases			-
Regional Water Fee			1,828,756
Contracted Services			
Bookkeeping		25,163	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		174,447	199,610
Utilities			260,987
Repairs and Maintenance			1,912,165
Administrative Expenditures			
Directors' fees		19,500	
Office supplies		43,063	
Insurance		50,006	
Other administrative expenditures		230,771	343,340
Capital Outlay			
Capitalized assets		103,757	
Expenditures not capitalized		21,840	125,597
Tap Connection Expenditures			91,722
Solid Waste Disposal			631,103
Wastewater Treatment Plant Lease			-
Fire Fighting			1,885,165
Parks and Recreation			-
Other Expenditures			9,000
Total expenditures		\$	7,598,079

Fort Bend County Municipal Utility District No. 151

Schedule of Temporary Investments

August 31, 2020

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	0.15%	Demand	<u>\$ 12,163,640</u>	<u>\$ 0</u>
Debt Service Fund				
TexPool	0.15%	Demand	<u>3,756,154</u>	<u>0</u>
Capital Projects Fund				
TexPool	0.15%	Demand	1,245,989	-
TexPool	0.15%	Demand	<u>864,202</u>	<u>-</u>
			<u>2,110,191</u>	<u>0</u>
Totals			<u><u>\$ 18,029,985</u></u>	<u><u>\$ 0</u></u>

Fort Bend County Municipal Utility District No. 151

Analysis of Taxes Levied and Receivable

Year Ended August 31, 2020

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 17,167	\$ 24,824
Additions and corrections to prior years' taxes	(564)	(842)
Adjusted receivable, beginning of year	16,603	23,982
2019 Original Tax Levy	4,185,914	5,795,881
Additions and corrections	2,418	3,347
Adjusted tax levy	4,188,332	5,799,228
Total to be accounted for	4,204,935	5,823,210
Tax collections: Current year	(4,180,540)	(5,788,440)
Prior years	(14,159)	(20,404)
Receivable, end of year	\$ 10,236	\$ 14,366
Receivable, by Years		
2019	\$ 7,792	\$ 10,788
2018	1,210	1,738
2017	1,199	1,784
2016	35	56
Receivable, end of year	\$ 10,236	\$ 14,366

Fort Bend County Municipal Utility District No. 151
Analysis of Taxes Levied and Receivable (Continued)
Year Ended August 31, 2020

	2019	2018	2017	2016
Property Valuations				
Land	\$ 217,779,450	\$ 215,664,520	\$ 213,626,080	\$ 199,265,440
Improvements	891,891,716	883,807,374	844,235,176	824,451,619
Personal property	7,623,470	7,117,150	6,736,554	5,885,529
Exemptions	<u>(43,363,417)</u>	<u>(39,890,820)</u>	<u>(37,825,948)</u>	<u>(25,490,276)</u>
Total property valuations	<u>\$ 1,073,931,219</u>	<u>\$ 1,066,698,224</u>	<u>\$ 1,026,771,862</u>	<u>\$ 1,004,112,312</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.5400	\$ 0.5600	\$ 0.5800	\$ 0.6200
Maintenance tax rates*	<u>0.3900</u>	<u>0.3900</u>	<u>0.3900</u>	<u>0.3800</u>
Total tax rates per \$100 valuation	<u>\$ 0.9300</u>	<u>\$ 0.9500</u>	<u>\$ 0.9700</u>	<u>\$ 1.0000</u>
Tax Levy	<u>\$ 9,987,560</u>	<u>\$ 10,133,633</u>	<u>\$ 9,959,687</u>	<u>\$ 10,041,123</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on May 7, 2005

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

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2011		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	<u>\$ 400,000</u>	<u>\$ 13,600</u>	<u>\$ 413,600</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2012		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ 200,000	\$ 10,000	\$ 210,000
2022	<u>200,000</u>	<u>5,000</u>	<u>205,000</u>
Totals	<u>\$ 400,000</u>	<u>\$ 15,000</u>	<u>\$ 415,000</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2013 Fire Plan		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 45,000	\$ 39,289	\$ 84,289
2022	45,000	37,939	82,939
2023	50,000	36,589	86,589
2024	50,000	34,989	84,989
2025	55,000	33,289	88,289
2026	55,000	31,364	86,364
2027	60,000	29,439	89,439
2028	60,000	27,219	87,219
2029	65,000	24,969	89,969
2030	65,000	22,369	87,369
2031	70,000	19,769	89,769
2032	70,000	16,881	86,881
2033	75,000	13,906	88,906
2034	80,000	10,719	90,719
2035	80,000	7,219	87,219
2036	85,000	3,719	88,719
Totals	<u>\$ 1,010,000</u>	<u>\$ 389,668</u>	<u>\$ 1,399,668</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2013A		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ 500,000	\$ 413,687	\$ 913,687
2022	500,000	398,688	898,688
2023	500,000	382,437	882,437
2024	500,000	364,938	864,938
2025	500,000	346,812	846,812
2026	500,000	326,813	826,813
2027	500,000	306,812	806,812
2028	500,000	286,813	786,813
2029	500,000	266,187	766,187
2030	500,000	244,313	744,313
2031	500,000	221,812	721,812
2032	500,000	198,688	698,688
2033	500,000	174,937	674,937
2034	500,000	151,188	651,188
2035	500,000	127,437	627,437
2036	525,000	103,688	628,688
2037	525,000	78,750	603,750
2038	525,000	52,500	577,500
2039	525,000	26,250	551,250
Totals	<u>\$ 9,600,000</u>	<u>\$ 4,472,750</u>	<u>\$ 14,072,750</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2014		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ 500,000	\$ 167,825	\$ 667,825
2022	500,000	155,950	655,950
2023	500,000	142,825	642,825
2024	500,000	129,075	629,075
2025	500,000	114,075	614,075
2026	500,000	99,075	599,075
2027	500,000	84,075	584,075
2028	500,000	68,450	568,450
2029	500,000	52,825	552,825
2030	100,000	37,200	137,200
2031	100,000	33,800	133,800
2032	100,000	30,400	130,400
2033	100,000	27,000	127,000
2034	100,000	23,500	123,500
2035	100,000	20,000	120,000
2036	100,000	16,000	116,000
2037	100,000	12,000	112,000
2038	100,000	8,000	108,000
2039	100,000	4,000	104,000
Totals	<u>\$ 5,500,000</u>	<u>\$ 1,226,075</u>	<u>\$ 6,726,075</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 895,000	\$ 394,562	\$ 1,289,562
2022	915,000	367,713	1,282,713
2023	950,000	340,262	1,290,262
2024	970,000	316,513	1,286,513
2025	995,000	287,412	1,282,412
2026	1,020,000	257,563	1,277,563
2027	1,055,000	226,962	1,281,962
2028	1,080,000	193,994	1,273,994
2029	1,115,000	158,894	1,273,894
2030	1,150,000	121,262	1,271,262
2031	1,180,000	81,013	1,261,013
2032	855,000	39,712	894,712
2033	270,000	9,788	279,788
Totals	<u>\$ 12,450,000</u>	<u>\$ 2,795,650</u>	<u>\$ 15,245,650</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2015A		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ 400,000	\$ 234,688	\$ 634,688
2022	400,000	226,687	626,687
2023	400,000	218,688	618,688
2024	400,000	210,187	610,187
2025	400,000	201,188	601,188
2026	400,000	191,187	591,187
2027	400,000	180,188	580,188
2028	400,000	168,187	568,187
2029	400,000	156,188	556,188
2030	400,000	143,687	543,687
2031	400,000	130,688	530,688
2032	400,000	117,687	517,687
2033	400,000	104,188	504,188
2034	400,000	90,687	490,687
2035	400,000	76,688	476,688
2036	425,000	62,687	487,687
2037	425,000	47,813	472,813
2038	425,000	31,875	456,875
2039	425,000	15,937	440,937
Totals	<u>\$ 7,700,000</u>	<u>\$ 2,609,125</u>	<u>\$ 10,309,125</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Series 2016 Park		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ 550,000	\$ 117,219	\$ 667,219
2022	550,000	108,968	658,968
2023	550,000	97,969	647,969
2024	550,000	86,968	636,968
2025	550,000	75,969	625,969
2026	525,000	64,969	589,969
2027	525,000	53,156	578,156
2028	525,000	40,688	565,688
2029	525,000	27,563	552,563
2030	525,000	14,438	539,438
Totals	<u>\$ 5,375,000</u>	<u>\$ 687,907</u>	<u>\$ 6,062,907</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Refunding Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 190,000	\$ 139,100	\$ 329,100
2022	195,000	133,400	328,400
2023	205,000	127,550	332,550
2024	210,000	121,400	331,400
2025	225,000	113,000	338,000
2026	240,000	104,000	344,000
2027	250,000	94,400	344,400
2028	265,000	84,400	349,400
2029	275,000	73,800	348,800
2030	290,000	62,800	352,800
2031	295,000	51,200	346,200
2032	495,000	39,400	534,400
2033	490,000	19,600	509,600
Totals	<u>\$ 3,625,000</u>	<u>\$ 1,164,050</u>	<u>\$ 4,789,050</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Refunding Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 370,000	\$ 306,500	\$ 676,500
2022	780,000	299,100	1,079,100
2023	480,000	283,500	763,500
2024	490,000	269,100	759,100
2025	505,000	254,400	759,400
2026	515,000	239,250	754,250
2027	530,000	223,800	753,800
2028	540,000	207,900	747,900
2029	550,000	195,750	745,750
2030	565,000	179,250	744,250
2031	585,000	162,300	747,300
2032	780,000	144,750	924,750
2033	1,370,000	121,350	1,491,350
2034	1,345,000	80,250	1,425,250
2035	1,315,000	39,900	1,354,900
2036	15,000	450	15,450
Totals	<u>\$ 10,735,000</u>	<u>\$ 3,007,550</u>	<u>\$ 13,742,550</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Refunding Series 2020		Total
	Principal Due September 1	Interest Due March 1, September 1	
2021	\$ -	\$ 146,417	\$ 146,417
2022	-	125,500	125,500
2023	350,000	125,500	475,500
2024	355,000	111,500	466,500
2025	360,000	97,300	457,300
2026	365,000	82,900	447,900
2027	365,000	68,300	433,300
2028	360,000	61,000	421,000
2029	355,000	53,800	408,800
2030	355,000	46,700	401,700
2031	350,000	39,600	389,600
2032	345,000	32,600	377,600
2033	340,000	25,700	365,700
2034	335,000	18,900	353,900
2035	310,000	12,200	322,200
2036	300,000	6,000	306,000
Totals	<u>\$ 4,845,000</u>	<u>\$ 1,053,917</u>	<u>\$ 5,898,917</u>

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Fort Bend County Municipal Utility District No. 151
Schedule of Long-term Debt Service Requirements by Years (Continued)
August 31, 2020

Due During Fiscal Years Ending August 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 4,050,000	\$ 1,982,887	\$ 6,032,887
2022	4,085,000	1,858,945	5,943,945
2023	3,985,000	1,755,320	5,740,320
2024	4,025,000	1,644,670	5,669,670
2025	4,090,000	1,523,445	5,613,445
2026	4,120,000	1,397,121	5,517,121
2027	4,185,000	1,267,132	5,452,132
2028	4,230,000	1,138,651	5,368,651
2029	4,285,000	1,009,976	5,294,976
2030	3,950,000	872,019	4,822,019
2031	3,480,000	740,182	4,220,182
2032	3,545,000	620,118	4,165,118
2033	3,545,000	496,469	4,041,469
2034	2,760,000	375,244	3,135,244
2035	2,705,000	283,444	2,988,444
2036	1,450,000	192,544	1,642,544
2037	1,050,000	138,563	1,188,563
2038	1,050,000	92,375	1,142,375
2039	1,050,000	46,187	1,096,187
Totals	<u>\$ 61,640,000</u>	<u>\$ 17,435,292</u>	<u>\$ 79,075,292</u>

Fort Bend County Municipal Utility District No. 151

Changes in Long-term Bonded Debt

Year Ended August 31, 2020

	Bond			
	Series 2009A	Series 2010	Series 2010A	Series 2011
Interest rates				3.40%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates				September 1, 2021
Bonds outstanding, beginning of current year	\$ 160,000	\$ 160,000	\$ 125,000	\$ 800,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	160,000	160,000	125,000	400,000
Bonds outstanding, end of current year	\$ 0	\$ 0	\$ 0	\$ 400,000
Interest paid during current year	\$ 7,360	\$ 6,800	\$ 3,906	\$ 26,800
Paying agent's name and address:				
Series 2009A	- Wells Fargo Bank Texas, N.A., Houston, Texas			
Series 2010	- Wells Fargo Bank Texas, N.A., Houston, Texas			
Series 2010A	- Wells Fargo Bank Texas, N.A., Houston, Texas			
Series 2011	- Wells Fargo Bank Texas, N.A., Houston, Texas			
Series 2012	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2013	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2013A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2014	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2015	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Series 2015A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Bond authority:				
	Fire Plan Bonds	Water, Sewer and Drainage Bonds	Parks and Recreational Bonds	Water, Sewer and Drainage Refunding Bonds
Amount authorized by voters	\$ 1,280,000	\$ 168,780,000	\$ 17,960,000	\$ 168,780,000
Amount issued	\$ 1,280,000	\$ 77,280,000	\$ 7,575,000	\$ 2,430,000
Remaining to be issued	\$ -	\$ 91,500,000	\$ 10,385,000	\$ 166,350,000
Debt service fund cash and temporary investment balances as of August 31, 2020:				\$ 3,844,054
Average annual debt service payment (principal and interest) for remaining term of all debt:				\$ 4,161,857

Issues

Series 2012	Series 2013 Fire Plan	Series 2013A	Series 2014	Refunding Series 2015	Series 2015A
2.50%	3.000% to 4.375%	3.00% to 5.00%	2.00% to 4.00%	2.000% to 3.625%	2.00% to 3.75%
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
September 1, 2021/2022	September 1, 2021/2036	September 1, 2021/2039	September 1, 2021/2039	September 1, 2021/2033	September 1, 2021/2039
\$ 5,450,000	\$ 1,055,000	\$ 10,100,000	\$ 6,000,000	\$ 13,140,000	\$ 8,100,000
-	-	-	-	-	-
4,850,000	-	-	-	-	-
200,000	45,000	500,000	500,000	690,000	400,000
<u>\$ 400,000</u>	<u>\$ 1,010,000</u>	<u>\$ 9,600,000</u>	<u>\$ 5,500,000</u>	<u>\$ 12,450,000</u>	<u>\$ 7,700,000</u>
<u>\$ 92,375</u>	<u>\$ 40,639</u>	<u>\$ 428,688</u>	<u>\$ 179,075</u>	<u>\$ 408,363</u>	<u>\$ 242,687</u>

Fort Bend County Municipal Utility District No. 151
Changes in Long-term Bonded Debt (Continued)
Year Ended August 31, 2020

	Bond Issues				
	Series 2016 Park	Refunding Series 2017	Refunding Series 2019	Refunding Series 2020	Total
Interest rates	1.00% to 2.75%	2.00% to 4.00%	2.00% to 3.00%	2.00% to 4.00%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2021/2030	September 1, 2021/2033	September 1, 2021/2036	September 1, 2023/2036	
Bonds outstanding, beginning of current year	\$ 5,925,000	\$ 3,640,000	\$ 11,000,000	\$ -	\$ 65,655,000
Bonds sold during current year	-	-	-	4,845,000	4,845,000
Principal refunded	-	-	-	-	4,850,000
Retirements, principal	<u>550,000</u>	<u>15,000</u>	<u>265,000</u>	<u>-</u>	<u>4,010,000</u>
Bonds outstanding, end of current year	<u>\$ 5,375,000</u>	<u>\$ 3,625,000</u>	<u>\$ 10,735,000</u>	<u>\$ 4,845,000</u>	<u>\$ 61,640,000</u>
Interest paid during current year	<u>\$ 125,468</u>	<u>\$ 139,400</u>	<u>\$ 311,800</u>	<u>\$ 0</u>	<u>\$ 2,013,361</u>
Paying agent's name and address:					
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas				
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas				
Series 2019	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas				
Series 2020	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas				

Fort Bend County Municipal Utility District No. 151
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended August 31,

	Amounts				
	2020	2019	2018	2017	2016
General Fund					
Revenues					
Property taxes	\$ 4,194,699	\$ 4,153,299	\$ 3,995,537	\$ 3,813,352	\$ 2,648,725
Water service	1,334,496	1,292,079	1,390,996	1,383,212	1,391,793
Sewer service	665,975	576,215	506,434	594,129	516,304
Regional water fee	1,775,992	1,517,735	1,697,999	1,327,158	1,199,147
Fire service	374,048	360,841	366,840	333,330	330,030
Penalty and interest	46,142	52,423	38,475	67,255	53,353
Tap connection and inspection fees	150,027	30,858	67,808	181,004	352,717
Investment income	122,737	247,236	146,389	53,218	16,168
Total revenues	8,664,116	8,230,686	8,210,478	7,752,658	6,508,237
Expenditures					
Service operations:					
Regional water fee	1,828,756	1,527,432	1,666,560	1,374,184	1,256,135
Professional fees	310,634	307,092	318,016	299,155	219,909
Contracted services	2,715,878	2,290,137	1,418,089	992,517	910,915
Utilities	260,987	254,732	307,717	259,116	236,142
Repairs and maintenance	1,912,165	1,558,895	1,543,289	1,351,017	1,290,809
Other expenditures	343,340	320,907	266,934	236,841	258,432
Tap connections	91,722	2,253	14,457	73,175	145,681
Capital outlay	125,597	391,445	2,287,104	68,513	363,989
Debt service, debt issuance costs	9,000	-	-	-	-
Total expenditures	7,598,079	6,652,893	7,822,166	4,654,518	4,682,012
Excess of Revenues Over Expenditures	1,066,037	1,577,793	388,312	3,098,140	1,826,225
Other Financing Sources (Uses)					
Interfund transfers out	-	-	-	(1,000)	-
Insurance proceeds	33,694	74,290	-	-	-
Total other financing sources (uses)	33,694	74,290	0	(1,000)	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,099,731	1,652,083	388,312	3,097,140	1,826,225
Fund Balance, Beginning of Year	11,405,914	9,753,831	9,365,519	6,268,379	4,442,154
Fund Balance, End of Year	\$ 12,505,645	\$ 11,405,914	\$ 9,753,831	\$ 9,365,519	\$ 6,268,379
Total Active Retail Water Connections	3,110	3,028	3,021	2,990	2,886
Total Active Retail Wastewater Connections	3,059	2,979	2,971	2,942	2,832

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
48.4 %	50.5 %	48.7 %	49.2 %	40.7 %
15.4	15.7	16.9	17.8	21.4
7.7	7.0	6.2	7.7	7.9
20.5	18.4	20.7	17.1	18.4
4.3	4.4	4.5	4.3	5.1
0.5	0.6	0.5	0.9	0.8
1.8	0.4	0.8	2.3	5.4
1.4	3.0	1.7	0.7	0.3
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
21.1	18.6	20.3	17.7	19.3
3.6	3.7	3.9	3.9	3.4
31.3	27.8	17.2	12.8	14.0
3.0	3.1	3.7	3.3	3.6
22.1	18.9	18.8	17.4	19.8
4.0	3.9	3.3	3.1	4.0
1.1	0.0	0.2	0.9	2.2
1.4	4.8	27.9	0.9	5.6
0.1	-	-	-	-
<u>87.7</u>	<u>80.8</u>	<u>95.3</u>	<u>60.0</u>	<u>71.9</u>
<u><u>12.3 %</u></u>	<u><u>19.2 %</u></u>	<u><u>4.7 %</u></u>	<u><u>40.0 %</u></u>	<u><u>28.1 %</u></u>

Fort Bend County Municipal Utility District No. 151
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended August 31,

	Amounts				
	2020	2019	2018	2017	2016
Debt Service Fund					
Revenues					
Property taxes	\$ 5,808,844	\$ 5,967,089	\$ 5,937,755	\$ 6,225,552	\$ 6,835,377
Penalty and interest	49,391	32,863	33,279	31,014	27,854
Investment income	58,806	167,261	114,712	55,871	22,881
Total revenues	5,917,041	6,167,213	6,085,746	6,312,437	6,886,112
Expenditures					
Current:					
Professional fees	15,361	7,230	6,356	5,021	5,092
Contracted services	143,635	121,009	120,932	112,850	104,862
Other expenditures	6,964	6,581	6,098	5,510	8,209
Debt service:					
Principal retirement	4,010,000	3,880,000	4,075,000	4,005,000	3,385,000
Interest and fees	2,021,411	2,209,257	2,480,755	2,600,077	2,590,755
Debt issuance costs	181,327	377,954	1,500	147,866	1,000
Debt defeasance	49,500	76,000	-	-	-
Total expenditures	6,428,198	6,678,031	6,690,641	6,876,324	6,094,918
Excess (Deficiency) of Revenues Over Expenditures	(511,157)	(510,818)	(604,895)	(563,887)	791,194
Other Financing Sources (Uses)					
Interfund transfers in	-	-	-	1,000	-
General obligation bonds issued	4,845,000	11,000,000	-	3,680,000	-
Payment to escrow agent	(4,874,282)	(10,687,333)	-	(3,761,238)	-
Premium on debt issued	216,638	68,026	-	231,930	-
Total other financing sources	187,356	380,693	0	151,692	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(323,801)	(130,125)	(604,895)	(412,195)	791,194
Fund Balance, Beginning of Year	4,156,362	4,286,487	4,891,382	5,303,577	4,512,383
Fund Balance, End of Year	\$ 3,832,561	\$ 4,156,362	\$ 4,286,487	\$ 4,891,382	\$ 5,303,577

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
98.2 %	96.8 %	97.6 %	98.6 %	99.3 %
0.8	0.5	0.5	0.5	0.4
1.0	2.7	1.9	0.9	0.3
100.0	100.0	100.0	100.0	100.0
0.3	0.1	0.1	0.1	0.1
2.4	2.0	2.0	1.8	1.5
0.1	0.1	0.1	0.1	0.1
67.8	62.9	67.0	63.5	49.2
34.2	35.8	40.8	41.2	37.6
3.0	6.1	0.0	2.3	0.0
0.8	1.3	-	-	-
108.6	108.3	110.0	109.0	88.5
(8.6) %	(8.3) %	(10.0) %	(9.0) %	11.5 %

Fort Bend County Municipal Utility District No. 151
Board Members, Key Personnel and Consultants
Year Ended August 31, 2020

Complete District mailing address:	Fort Bend County Municipal Utility District No. 151 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 1, 2020
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Keith Gier	Elected 05/20- 05/24	\$ 5,400	\$ 1,147	President
Sean R. Fitzsimmons	Elected 05/18- 05/22	2,250	127	Secretary
Nathan H. Shipley	Elected 05/20- 05/24	5,250	255	Assistant Vice President
Louis James	Elected 05/18- 05/22	3,300	162	Assistant Secretary
Kara Jackson	Elected 05/20- 08/20	3,300	88	Resigned

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

Fort Bend County Municipal Utility District No. 151
Board Members, Key Personnel and Consultants (Continued)
Year Ended August 31, 2020

Consultants	Date Hired	Fees and Expense Reimbursements	Title
		\$ 54,274	Bond Counsel
Allen Boone Humphries Robinson LLP	05/18/05	217,036	General Counsel
BKD, LLP	07/19/06	21,600	Auditor
Fort Bend Central Appraisal District	Legislative Action	91,954	Appraiser
Inframark LLC	04/19/12	1,437,498	Operator
Jones & Carter, Inc.	05/18/05	156,576	Engineer
KGA/Deforest Design, LLC	01/27/20	88,152	Landscape Architect
Masterson Advisors LLC	05/16/18	50,422	Financial Advisor
McLennan & Associates, LP	05/18/05	31,980	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/15/00	15,361	Delinquent Tax Attorney
Storm Water Solutions	2009	215,457	Drainage Maintenance
Tax Tech, Inc.	01/16/08	58,023	Tax Assessor/ Collector
Terry's Landscape & Design	01/16/19	562,274	Landscape Maintenance
Investment Officer			
Jorge Diaz	02/15/17	N/A	Bookkeeper

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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