

OFFICIAL STATEMENT DATED APRIL 19, 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 BOND COUNSEL'S OPINION.

The District has designated the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured)...."AA" (stable outlook)
Moody's Investors Service (AGM Insured)...."A2" (stable outlook)
Moody's Investors Service (Underlying) "A3"
See "BOND INSURANCE" and "RATINGS" herein

\$6,260,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2021

Dated: June 1, 2021

Due: September 1, as shown below

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from June 1, 2021, and is payable on September 1, 2021 (three-month interest payment), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds maturing on and after September 1, 2027, are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 50 (the "District"), as a whole or in part, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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



See Maturity and Pricing Schedule on the inside cover

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING — Use of Bond Proceeds." The Bonds, when issued, constitute valid and legally binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas. Delivery of the Bonds is expected on or about June 10, 2021, at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

SAMCO CAPITAL MARKETS

RBC CAPITAL MARKETS

MATURITY SCHEDULE**CUSIP Prefix (a): 346914**

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2021	\$ 65,000	3.00%	0.18%	PF5
2022	30,000	3.00	0.20	PG3
2023	805,000	3.00	0.28	PH1
2024	825,000	3.00	0.40	PJ7
2025	860,000	3.00	0.59	PK4
2026	885,000	4.00	0.77	PL2
2027 ^(c)	915,000	1.00	1.04	PM0
2028 ^(c)	930,000	1.00	1.18	PN8
2029 ^(c)	945,000	1.00	1.30	PP3

- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriters (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed. Accrued interest from June 1, 2021, is to be added to the price.
- (c) Subject to optional redemption as described on the front cover.

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APPENDIX A - LOCATION MAP

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APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the 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, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of duplication costs.

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 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 the Official Statement until delivery of the Bonds to the Underwriters (as defined herein), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Assured Guaranty Municipal Corp. (“AGM” or the “Insurer”) 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 “BOND INSURANCE” and “APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY.”

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC (“RBC”) (together referred to herein as the “Underwriters”) have agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for \$6,534,556.85 (an amount equal to the principal amount of the Bonds, less an Underwriters’ discount of \$40,690.00, plus a net original issue premium on the Bonds of \$315,246.85), plus accrued interest on the Bonds to the date of delivery. The obligation of the Underwriters to purchase the Bonds is subject to the conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriters at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

The District has no control over the 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.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS

THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and 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

At 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 documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: 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 "BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

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

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

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 Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

S&P Global Ratings ("S&P") a business unit of Standard & Poor's Financial Services LLC. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest ratings).

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P and “A2” (stable outlook) from Moody’s Investors Service, Inc. (“Moody’s”) based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s is “A3.”

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody’s. The foregoing ratings express only the view of S&P and Moody’s at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody’s, if, in any of their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody’s. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Fort Bend County Municipal Utility District No. 50 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
The Issue.....	Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2021, in the aggregate principal amount of \$6,260,000 are dated June 1, 2021. Interest accrues from June 1, 2021, and is payable on September 1, 2021(three-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds mature on September 1 in each of the years and in the amounts shown on the cover page of this Official Statement. The Bonds scheduled to mature on and after September 1, 2027, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2026, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. The Bonds will be issued pursuant to a Bond Resolution (the “Bond Resolution”) adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, and elections held within the District.
Book-Entry-Only System.....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates.” The Bonds are obligations

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

Other Characteristics

The Bonds are issued in fully registered form, without coupons, in the denomination of \$5,000 each, or any integral multiple thereof.

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$6,190,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"). The Series 2014 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Escrow Agent"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

Payment Record.....

The District previously issued its Unlimited Tax Bonds, Series 1987 (the "Series 1987 Bonds") to acquire and construct components of the System (hereinafter defined). The District defaulted on the payment of principal of and interest on the Series 1987 Bonds, filed bankruptcy, and adjusted its debt. Pursuant to such bankruptcy, the Series 1987 Bonds were amended (the "Amended Bonds") by the District in accordance with the "Amended and Restated Resolution Authorizing the Issuance of \$4,065,000 Tax Bonds, Series 1987." Home construction and development in the District were recommenced in 1999. In 2007, the District issued its \$6,970,000 Unlimited Tax Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds") to refund all of the Amended Bonds. In addition to the Series 1987 Bonds and the Series 2007 Refunding Bonds, the District has issued its Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2011A (the "Series 2011A Bonds"), Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2018A (the "Series 2018A Bonds" and Unlimited Tax Bonds, Series 2020A (the "Series 2020A Bonds") to acquire and construct components of the System; and the Series 2014 Refunding Bonds, Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2018 (the "Series 2018 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund bonds previously issued by the District.

Collective reference is made in this Official Statement to all of such bonds that the District has issued as the “Prior Bonds.” Other than the Series 1987 Bonds, the District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is \$72,250,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District’s outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, and less the Refunded Bonds, will be \$66,060,000 (collectively, the “Remaining Outstanding Bonds”), and the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$72,320,000. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “PLAN OF FINANCING,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Qualified Tax-Exempt Obligations

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

Authorized But Unissued Bonds.....

\$78,380,000 bonds for water, sewer and drainage facilities, or for refunding purposes, \$11,032,370.50 for refunding purposes only, and \$21,700,000 for recreational facilities will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt.”

Municipal Bond Insurance

Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

Municipal Bond Rating

S&P Global Ratings (AGM Insured) “AA” (stable outlook). Moody’s Investors Service, Inc. (AGM Insured) “A2” (stable outlook). Moody’s Investors Service, Inc. (Underlying) “A3.” See “BOND INSURANCE” and “RATINGS.”

Legal Opinions.....

Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”

Verification Agent

Robert Thomas CPA, LLC. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.”

THE DISTRICT

Description

The District, a municipal utility district created by order of the TWC, now the TCEQ, dated March 18, 1986, operates under the authority of Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54 of the Texas Water Code. Pursuant to Chapter 7993 of the Texas Special District Local Laws Code, the District also maintains the authority of Article III, Section 52 of the Constitution of Texas, as well as the ability to establish and administer defined areas. The District is subject to the continuing supervision of the TCEQ. The District contains approximately 1,463.44 acres of land. The District is located approximately twenty-four miles southwest of the central business district of Houston, Texas, in the northern portion of Fort Bend County, Texas. The District is generally bounded on the north by FM 1093. Canal (Belew) Road forms a portion of the District's west boundary and traverses a portion of the District in a north-south direction. Bellaire Boulevard traverses the District in an east-west direction. The Grand Parkway (SH 99) traverses the District in a north-south direction. The District is located approximately seven miles west of the intersection of FM 1093 and State Highway 6 and approximately 7 miles south of Interstate Highway 10. See "APPENDIX A - LOCATION MAP." The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, and lies wholly within Fort Bend County, Texas. Approximately 1,321.3 acres of land located in the District also lie within FBLID No. 12, which provides flood protection and outfall drainage to the District, and such land within the District is subject to taxation by FBLID No. 12. See "THE SYSTEM - Flood Protection and Drainage Facilities" and - "100-Year Flood Plain" and "INVESTMENT CONSIDERATIONS - Overlapping District Taxes and Functions."

Authority

The rights, powers, privileges, authority and functions of the District are established by Article III, Section 52 and Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Development, Home Construction
And Developers

Land within the District is being developed primarily for single-family residential and commercial usage. As of March 1, 2021, an aggregate of 1,469 homes have been constructed in the District, all of which have been sold to homeowners. Such homes have been constructed on the 1,471 fully-developed single-family residential lots that have been developed on a total of approximately 374.7 acres of land located in the District.

The development of Westpark Lakes, Section 1, Parkway Lakes, Sections 1 through 3, Lost Creek, Sections 1 through 5, Meadows of Parkway Lakes, Grand Meadows, Sections

1 through 4, and Grand Ridge Crossing (collectively including approximately 374.7 total acres, 1,471 total single-family residential lots), is complete in the District, including water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the “System”) and street paving. The development of Grand Trails (approximately 23.78 acres, 126 single-family residential lots) is currently underway within the District by Meritage Homes of Texas, LLC (“Meritage”) (described under the caption “DEVELOPERS AND PRINCIPAL LAND OWNERS”), with completion expected in approximately April 2021. The development of approximately 13.2 acres located within the District is underway, with completion expected in approximately August 2021, on which a 165-unit apartment complex is expected to be constructed.

A total of approximately 142.67 acres of land within the District has been developed for commercial usage on which approximately 140.82 acres of commercial improvements totaling approximately 1,377,060 square feet of building area have been constructed as follows. Approximately 76.56 of such approximately 142.67 acres contain a total of approximately 725,090 square feet of completed building area in the Shops at Bella Terra. Approximately 8.35 of such approximately 142.67 acres contain a total of approximately 54,468 square feet of completed building area in the Shops at Parkway Lakes. Completed commercial improvements located within the District include the Shops at Bella Terra, the Shops at Parkway Lakes and other commercial developments are set forth below.

The Shops at Bella Terra - Approximately 725,090 total square feet of building area, including: Super Wal-Mart, Kohl’s Department Store, 24 Hour Fitness, Best Buy, 9 retail strip centers, 10 freestanding commercial buildings including restaurants and a medical facility, and a Public Storage facility.

Shops at Parkway Lakes - Approximately 54,468 total square feet of building area comprised of 7 freestanding commercial buildings including a car wash, auto parts store, day care, and other tenants, and a retail strip center.

Additional Commercial Development - Approximately 597,502 total square feet of building area, including 11 freestanding commercial buildings, including a gas station/convenience store, 2 medical facilities, a senior living facility, a movie theater, a day care facility, an office building, Sam’s Club store, auto parts store, a restaurant, a retail strip center and 3 office condominium buildings.

A total of approximately 604.9 acres of currently undeveloped land located within the District are available for future development. Approximately 10.92 of the undeveloped acres located within the District that are currently expected to be developed for multi-family residential and/or commercial usage are owned by The District at Parkway Lakes, Ltd. (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 26.75 of the currently undeveloped acres located within the District are owned by CNS Ventures LLC (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 42.66 of the currently undeveloped acres located within the District that are currently expected to be developed for single-family residential usage are owned by 3535 Wilcrest, Ltd. According to the District's tax rolls, approximately 268.94 of such currently undeveloped acres located within the District are owned by WBH Ranches, L.P. ("WBH") (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 142.14 currently undeveloped acres located within the District are owned by Cathexis Legacy Holdings, LLC ("Cathexis") (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). WBH and Cathexis have indicated to the District that they are proceeding with the development of the WBH and Cathexis property consisting of a mixed use commercial, retail, and multi-family development, but, to date, the District has not received a definitive land plan or build-out projections. Approximately 113.47 currently undeveloped acres located within the District are owned by multiple additional parties, none of which has reported a definitive development plan to the District covering any of such acres. Since none of the owners of any of such currently undeveloped acres has any obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acreage within the District consists of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or is otherwise not available for future development.

The District financed its portion of the cost of the acquisition or construction of the components of the System that serve Westpark Lakes, Section 1, Parkway Lakes, Sections 1 through 3, Lost Creek, Sections 1 through 5, Meadows of Parkway Lakes, Grand Meadows, Sections 1 through 4, Shops at Bella Terra, Phases 2 through 5, Bellaire Boulevard, Bellaire Crossing at Parkway Lakes, Grand Lakes Crossing, the Stripes Tract, Southeast Corner, District West at Parkway Lakes, trunk facilities located in the right-of-way of Bellaire Boulevard, and certain other facilities, including storm drainage/detention pond facilities, water supply, interim wastewater treatment facilities, permanent wastewater treatment plant, Phase 1 and sub-regional detention basin land costs, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to

Overlapping District Taxes and Functions

finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

FBLID No. 12 currently provides flood protection and major outfall drainage for approximately 4,045 acres of land, including approximately 1,321.3 acres that are located within the District. FBLID No. 12 issued Unlimited Tax Levee Improvement Bonds, Series 1986 (the “FBLID No. 12 Series 1986 Bonds”) to finance the facilities which have been constructed to accomplish flood protection and accommodate storm water drainage within FBLID No. 12, including the land located within the District. FBLID No. 12 defaulted on the FBLID No. 12 Series 1986 Bonds, filed bankruptcy and adjusted its debt. Home construction and development in the area were recommenced in 1999. Pursuant to such bankruptcy, the FBLID No. 12 Series 1986 Bonds were amended by FBLID No. 12 (the “FBLID No. 12 Amended Bonds”). FBLID No. 12 issued its \$16,315,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2005 to refund all of the FBLID No. 12 Amended Bonds and to restructure its indebtedness, and Unlimited Tax Levee Improvement Refunding Bonds, Series 2012 and Unlimited Tax Levee Improvement Refunding Bonds, Series 2013 to refund portions of the FBLID No. 12 Series 2005 Refunding Bonds. In addition, FBLID No. 12 has issued Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 to refund portions of the FBLID No. 12 Series 2012 Refunding Bonds, and Unlimited Tax Levee Improvement Refunding Bonds, Series 2020 to refund portions of the FBLID No. 12 Series 2012 and Series 2013 Refunding Bonds. FBLID No. 12 has \$10,700,000 bonds currently outstanding. FBLID No. 12 levies a tax on property located within FBLID No. 12, including upon the 1,321.3 acres located within the District, which tax is in addition to the tax levied by the District. FBLID No. 12's 2020 Assessed Valuation is \$2,538,292,339. FBLID No. 12 levied a tax of \$0.075 per \$100 of Assessed Valuation for 2020, \$0.04 per \$100 of Assessed Valuation of which tax is a debt service tax and \$0.035 per \$100 of Assessed Valuation of which tax is a maintenance tax.

The District levied a debt service tax in the amount of \$0.68 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.23 per \$100 of Assessed Valuation. As is stated above, FBLID No. 12 has levied a total tax of \$0.075 per \$100 of Assessed Valuation for 2020. Thus, the combined tax levies of the District and FBLID No. 12 are \$0.985 per \$100 of Assessed Valuation for 2020. Such combined levy is higher than the tax rates levied by some municipal utility districts in the Houston metropolitan area, but is within the range of tax rates being levied by municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. As is described in this Official Statement under the caption

“TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District and FBLID No. 12 is \$2.792307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Prospective purchasers of the Bonds are reminded that development which has occurred to date or which is planned to occur on land covered by FBLID No. 12 other than the District creates assessed valuation of property against which taxes will be levied to pay debt service on bonds issued by districts other than the District. The development or lack thereof which occurs in the districts within FBLID No. 12 other than the District will have an effect on the level of indebtedness and debt service payments thereon of such districts and FBLID No. 12, which ultimately could affect the development of the District and the investment quality or security of the Bonds.

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. NEVERTHELESS, THE PACE AND EXTENT OF DEVELOPMENT OF LAND LOCATED IN FBLID NO. 12 OTHER THAN THE DISTRICT WILL AFFECT THE TAX LEVIED BY FBLID NO. 12, AND THUS THE TOTAL TAX BURDEN ON LAND IN THE DISTRICT. SEE “INVESTMENT CONSIDERATIONS.”

Infectious Disease Outbreak (COVID-19) ...

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

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic conditions 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 necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2020 Assessed Valuation	\$	605,905,658 (a)
(As of January 1, 2020)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Remaining Outstanding Bonds	\$	66,060,000
The Bonds		<u>6,260,000</u>
Total	\$	72,320,000 (b)
Estimated Overlapping Debt	\$	<u>42,885,761</u>
Total Direct and Estimated Overlapping Debt	\$	115,205,761
Direct Debt Ratio		
: as a percentage of 2020 Assessed Valuation.....		11.94 %
Direct and Overlapping Debt Ratio		
: as a percentage of 2020 Assessed Valuation.....		19.01 %
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	\$	4,962,124 (c)
General Fund Balance as of March 9, 2021.....	\$	6,150,979
2020 Tax Rate per \$100 of Assessed Valuation		
The District		
Debt Service Tax	\$0.68	
Maintenance Tax	<u>0.23</u>	
Total	\$	0.910 (d)
Fort Bend County Levee Improvement District No. 12		<u>0.075 (d)</u>
Total	\$	0.985 (d)
Average Percentage of Total Tax Collections (2010-2019) as of February 28, 2021.....		99.95 %
Percentage of Tax Collections of 2020 Levy as of February 28, 2021		
(In process of collection)		92.59 %
Average Annual Debt Service Requirements on the Bonds and the		
Remaining Outstanding Bonds (2021-2050).....	\$	3,941,526
Maximum Annual Debt Service Requirements on the Bonds and the		
Remaining Outstanding Bonds (2039).....	\$	4,274,486
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual		
Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds		
(2021-2050) at 95% Tax Collections		
Based Upon 2020 Assessed Valuation.....	\$	0.69

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual
Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds
(2039) at 95% Tax Collections

Based Upon 2020 Assessed Valuation..... \$ 0.75

Number of Single Family Homes as of March 1, 2021 1,469

Completed Commercial Improvements - Approximately 1,377,060 Total Square Feet of Building Area, Including:

The Shops at Bella Terra - Approximately 725,090 total square feet of building area, including: Super Wal-Mart, Kohl's Department Store, 24 Hour Fitness, Best Buy, 9 retail strip centers, 10 freestanding commercial buildings including restaurants and a medical facility, and a Public Storage facility.

Shops at Parkway Lakes - Approximately 54,468 total square feet of building area comprised of 7 freestanding commercial buildings including a car wash, auto parts store, day care, and other tenants, and a retail strip center.

Additional Commercial Development - Approximately 597,502 total square feet of building area, including: 11 freestanding commercial buildings including a gas station/convenience store, 2 medical facilities, a senior living facility, a movie theater, a day care facility, an office building, Sam's Club store, auto parts store, a restaurant, a retail strip center and 3 office condominium buildings.

- (a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution of \$4,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2021, which are due on September 1, 2021, total \$2,617,344, and consist of the payment of principal of and interest on the Remaining Outstanding Bonds and the Bonds.
- (d) Approximately 1,321.3 acres of land located in the District also lie within FBLID No. 12 and are subject to taxation by FBLID No. 12. The District levied a debt service tax in the amount of \$0.68 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.23 per \$100 of Assessed Valuation. As is stated above, FBLID No. 12 has levied a total tax of \$0.075 per \$100 of Assessed Valuation for 2020. Thus, the combined tax levies of the District and FBLID No. 12 are \$0.985 per \$100 of Assessed Valuation for 2020. Such combined levy is higher than the tax rates levied by some municipal utility districts in the Houston metropolitan area, but is within the range of tax rates being levied by municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District and FBLID No. 12 is \$2.792307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "Overlapping District Taxes and Functions."

\$6,260,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 50 (the “District”) of its Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended, City of Houston Ordinance No. 97-416, elections held within the District (see “THE BONDS – Authority for Issuance”), and a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated and bear interest from June 1, 2021, with interest payable on September 1, 2021 (three-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds are fully-registered bonds maturing on September 1 of the years and in the amounts shown under “MATURITY SCHEDULE” on the cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrars (the “Paying Agent,” “Paying Agent/Registrar,” or “Registrar”). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar (“Registered Owners”) at the close of business on the 15th calendar day of the month next preceding the interest payment date (the “Record Date”).

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Assignments, Transfers and Exchanges

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Bonds maturing on September 1, 2027, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such 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 bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in

accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, 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.

Authority for Issuance

Voters of the District have authorized the issuance of a total of \$156,300,000 unlimited tax bonds at elections held on April 5, 1986, August 12, 2000, and May 6, 2017, for the purpose of financing the construction of waterworks, wastewater, and drainage facilities (the "System"), \$137,000,000 of which may be utilized for refunding purposes, and at an election held within the District on May 12, 1992, the voters of the District authorized \$15,180,000 unlimited tax refunding bonds that may only be utilized for refunding purposes. Voters also authorized the issuance of \$21,700,000 unlimited tax bonds for the purpose of financing the construction or recreational facilities, or for refunding said bonds at the election held on May 6, 2017. Following the issuance of the Bonds, \$78,380,000 bonds for waterworks, wastewater, and drainage facilities, or for refunding purposes, \$11,032,370.50 bonds for refunding purposes only and \$21,700,000 for recreational facilities, and refunding such bonds, will remain authorized but unissued. See "Issuance of Additional Debt" below. The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54 of the Texas Water Code, Chapter 1207, Texas Government Code, as amended, Article XVI, Section 59 of the Texas Constitution, and City of Houston Ordinance No. 97-416.

Payment Record

The District previously issued its Unlimited Tax Bonds, Series 1987 (the "Series 1987 Bonds") to acquire and construct components of the System (hereinafter defined). The District defaulted on the payment of principal of and interest on the Series 1987 Bonds, filed bankruptcy, and adjusted its debt. Pursuant to such bankruptcy, the Series 1987 Bonds were amended (the "Amended Bonds") by the District in accordance with the "Amended and Restated Resolution Authorizing the Issuance of \$4,065,000 Tax Bonds, Series 1987." Home construction and development in the District were recommenced in 1999. The District issued its \$6,970,000 Unlimited Tax Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"), the proceeds of which were used to refund all of the Amended Bonds. In addition to the Series 1987 Bonds and the Series 2007 Refunding Bonds, the District has issued its Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2011A (the "Series 2011A Bonds"), Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2018A (the "Series 2018A Bonds" and Unlimited Tax Bonds, Series 2020A (the Series 2020A Bonds") to acquire and construct components of the System; and the Series 2014 Refunding Bonds, the Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2018 (the "Series 2018 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund bonds previously issued by the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the "Prior Bonds." Other than the Series 1987 Bonds, the District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is \$72,250,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, and less the Refunded Bonds, will be \$66,060,000 (collectively, the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$72,320,000. In

addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “PLAN OF FINANCING,” “DISTRICT DEBT - Debt Service Requirement Schedule,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Source of Payment

The Bonds (together with the Remaining Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar fees.

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

Issuance of Additional Debt

The District's voters have authorized the issuance of \$156,300,000 unlimited tax bonds for construction of waterworks, wastewater, and drainage facilities (the “System”), or for refunding purposes, and could authorize additional amounts. The District's voters also have authorized a total of \$15,180,000 unlimited tax bonds for refunding purposes only and \$21,700,000 for construction of recreational facilities, or for refunding said bonds. After issuance of the Bonds, the District will be authorized to issue \$78,380,000 of the former referenced authorization, \$11,032,370.50 additional unlimited tax refunding bonds from the latter referenced authorization and \$21,700,000 for construction of recreational facilities, or for refunding said bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District if authorized by the District's voters and approved by the Board and, in the case of unlimited tax bonds for the System, by the Texas Commission on Environmental Quality (the “TCEQ”). The District may issue additional unlimited tax bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created.

The District has the right to issue the aforementioned bonds without the necessity of further voter authorization. Before issuing any additional bonds for the System, the District would have to obtain approval of the TCEQ for the issuance of such bonds and the projects to be financed thereby. Since the District has not financed all components of its System necessary to complete construction of the System, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, with additional voter approval.

The District's consulting engineer, R.G. Miller Engineers, Inc. (the “Engineer”) currently estimates that the aforementioned \$78,380,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities that will be necessary to provide service to all of the currently undeveloped portions of the District. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “DISTRICT DEBT - Debt Service Requirement Schedule,” “FUTURE DEVELOPMENT,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

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

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

Pursuant to Chapter 7993 of the Texas Special District Local Laws Code ("Chapter 7993"), the District is authorized to establish and administer defined areas (each a "Defined Area") as provided by Subchapter J of Chapter 54 of the Texas Water Code to pay for improvements, facilities, or services that primarily benefit the Defined Area, including water, sewer, and drainage facilities, park and recreational facilities, and road improvements. To date, the District has not established any Defined Areas within its boundaries. Should the District determine to establish a Defined Area, before the District could issue Defined Area bonds payable from Defined Area taxes, the following actions would be required: (i) authorization of Defined Area bonds and a Defined Area operation and maintenance tax by the qualified voters in the District; (b) approval of the project and bonds by the TCEQ, as applicable; and (c) approval of the bonds by the Attorney General of the State of Texas. Following a successful election within the Defined Area, the District may levy a Defined Area tax, such tax being in addition to, and exclusive of, the District's ad valorem debt service tax, for the purpose of financing public improvements consisting of certain water, sewer, and drainage facilities, park and recreational facilities, and road improvements to serve the property located within the Defined Area. No funds generated by any future Defined Area tax are being pledged as payment to the Bonds.

Pursuant to Chapter 7993, the District is further authorized, consistent with Section 52, Article III of the Texas Constitution, the power to design, construct, and finance certain road facilities. Before the District could issue bonds to pay for such road facilities, the following actions would be required: (i) authorization of road facilities bonds and a road facilities operation and maintenance tax by the qualified voters in the District; and (ii) approval of the bonds by the Attorney General of the State of Texas.

If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

No Arbitrage

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

Annexation

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

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

Strategic Partnership

As of March 30, 2005, the District entered into a strategic partnership agreement (the "Agreement") with the City of Houston pursuant to Section 43.0751, Texas Local Government Code, whereby the commercial portion of the District was annexed into the City for limited purposes, while the balance of the District remains in the City's extraterritorial jurisdiction. The City and the District may amend the Agreement at any time, and have entered into three amendments to add additional commercial acreage in the District to the area that was annexed by the City for limited purposes. The most recent amendment between the District and the City was a Third Amended and Restated Strategic Partnership Agreement (the "Third Restatement") entered into as of May 8, 2012. As a result of the Agreement, as amended, the City imposes its one percent sales and use tax (but not its property taxes) with the area of limited purpose annexation, and remits one-half of the City's sales and use tax receipts from within the District to the District to be used for any lawful District purpose. In addition, the City agrees not to annex the District for general purposes for the 30-year term of the Agreement, as amended, thus, unless otherwise agreed by the City and the District, delaying for at least 30 years from the effective date of the Third Restatement (May 8, 2012), any dissolution of the District and assumption of its assets and liabilities (including the Bonds) by the City. The District has entered into Economic Development Agreements with certain developers of land within the District under which the District has agreed to make economic development grant payments to such developers from sales taxes collected and remitted to the District if certain development requirements are met. Funds received by the District under the Agreement are not pledged to the payment of the Bonds.

Consolidation

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by 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. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

THE DISTRICT DEFAULTED ON ITS UNLIMITED TAX BONDS, SERIES 1987, FILED BANKRUPTCY, AND ADJUSTED ITS DEBT. PURSUANT TO SUCH BANKRUPTCY, THE SERIES 1987 BONDS WERE AMENDED BY THE DISTRICT (THE "AMENDED BONDS"). IN 2007, THE DISTRICT ISSUED THE SERIES 2007 REFUNDING BONDS, THE PROCEEDS OF THE SALE OF WHICH WERE USED TO REFUND ALL OF THE AMENDED BONDS. SEE "DISTRICT BANKRUPTCY" HEREIN.

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 apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other

action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

DISTRICT BANKRUPTCY

On December 17, 1991, the District filed an application with the Texas Water Commission (the “TWC”) (now the TCEQ) requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code. By order dated May 14, 1992, the TWC approved the District’s application, and on February 16, 1994, the District filed a voluntary petition in the United States Bankruptcy Court for the Southern District of Texas, Case No. 94-41165-H4-9, for relief under Chapter 9 of the United States Bankruptcy Code. Fort Bend County Levee Improvement District No. 12 (“FBLID No. 12”), within whose boundaries the District is located, had on May 27, 1993, filed an application with the TWC requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code, which request was approved by the Texas Natural Resource Conservation Commission, successor to the TWC (now the TCEQ) by Order dated September 9, 1993. On September 30, 1993, FBLID No. 12 filed a voluntary petition in the Bankruptcy Court, Case No. 93-47142-H4-9, for relief under Chapter 9 of the Bankruptcy Code. The cases were handled together after the filing with the Bankruptcy Court by the District. On December 1, 1994, the District and FBLID No. 12 filed a Joint Plan of Adjustment of their debts with the Bankruptcy Court (the “Plan”), and FBLID No. 12 filed a Second Amendment to the Joint Plan of Adjustment on February 22, 1995. The Plan, as amended, provided among other things that as of the effective date of the plan, the District’s remaining outstanding Unlimited Tax Bonds, Series 1987 (the “Series 1987 Bonds”) would be amended and modified as set forth in the plan. On February 24, 1995, the Bankruptcy Court entered the confirmation order approving the Joint Plan of Adjustment and the Second Amendment to the Joint Plan of Adjustment of the District and FBLID No. 12 (the “Amended Plan”), and the Amended Plan became effective on March 29, 1995 (the “Effective Date”).

The Plan provided for five classes of claims against the District:

- | | |
|------------|----------------------------------|
| Class M-1: | Administrative Expense Claims |
| Class M-2: | Priority Claims |
| Class M-3: | MUD 50 Bond Claims |
| Class M-4: | Claims of Delinquent Tax Counsel |
| Class M-5: | General Unsecured Claims |

As set forth in the Amended Plan, and pursuant to the Amended and Restated Resolution Authorizing the Issuance of \$4,065,000 Unlimited Tax Bonds, Series 1987, adopted by the District on March 1, 1995, Amended Bonds were delivered by the District in exchange for the Series 1987 bonds (Class M-3 Claims). In 2007, the District issued its \$6,970,000 Unlimited Tax Refunding Bonds, Series 2007 to refund all of the Amended Bonds. The District has fully satisfied the Class M-1, M-3, and M-4 claims pursuant to the terms of the Amended Plan. There were no Class M-2 or M-5 claims. Therefore, no Claim remains outstanding under the Amended Plan.

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$6,190,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"). The Series 2014 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Escrow Agent"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

The Refunded Bonds

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Refunded Bonds are set forth below.

<u>Maturity Date</u>	<u>Series 2014 Refunding Bonds Principal Amount Refunded</u>
9/1/2023	\$775,000
9/1/2024	805,000
9/1/2025	845,000
9/1/2026	875,000
9/1/2027	920,000
9/1/2028	960,000
9/1/2029	<u>1,010,000</u>
	\$6,190,000
Redemption Date:	9/1/2021

Aggregate Principal Amount of Refunded Bonds	\$6,190,000
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Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., an 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”). The Bond Resolution further provides that from the proceeds of the sale of the Bonds, along with certain other legally 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. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.” Such funds will be held by the Escrow Agent in a segregated escrow account (the “Escrow Fund”) and a portion of such funds will be used to purchase (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) 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 issuer 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; or (3) 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 issuer 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 (the “Escrowed Securities”), maturing at such times and amounts as will, together with cash on deposit in the Escrow Fund, be sufficient to pay scheduled payments on the Refunded Bonds to and including their respective redemption dates. 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 or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of certain proceeds of the Bonds, the Escrowed Securities, and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolution authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, and in reliance upon the Verification Report of Robert Thomas CPA, LLC, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

The Non-Refunded Bonds (Remaining Outstanding Bonds)

The District previously issued its Unlimited Tax Bonds, Series 1987 (the “Series 1987 Bonds”) to acquire and construct components of the System (hereinafter defined). The District defaulted on the payment of principal of and interest on the Series 1987 Bonds, filed bankruptcy, and adjusted its debt. Pursuant to such bankruptcy, the Series 1987 Bonds were amended (the “Amended Bonds”) by the District in accordance with the “Amended and Restated Resolution Authorizing the Issuance of \$4,065,000 Tax Bonds, Series 1987.” Home construction and development in the District were recommenced in 1999. In 2007, the District issued its \$6,970,000 Unlimited Tax Refunding Bonds, Series 2007 (the “Series 2007 Refunding Bonds”), the proceeds of which were used to refund all of the Amended Bonds. In addition to the Series 1987 Bonds and the Series 2007 Refunding Bonds, the District has issued its Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”), Unlimited Tax Bonds, Series 2011 (the “Series 2011 Bonds”), Unlimited Tax Bonds, Series 2011A (the “Series 2011A Bonds”), Unlimited Tax Bonds, Series 2013 (the “Series 2013 Bonds”), Unlimited Tax Bonds, Series 2015 (the “Series 2015 Bonds”), Unlimited Tax Bonds, Series 2016 (the “Series 2016 Bonds”), Unlimited Tax Bonds, Series 2018A (the “Series 2018A Bonds”), and Unlimited Tax Bonds, Series 2020A (the Series 2020A Bonds”) to acquire and construct components of the System; and the Series 2014 Refunding Bonds, Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2018 (the “Series 2018 Refunding Bonds”), and Unlimited Tax Refunding Bonds, Series 2020 (the “Series 2020 Refunding Bonds”) to refund bonds previously issued by the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the “Prior Bonds.” Other than the Series 1987 Bonds, the District has never defaulted in the timely payment of principal of or interest on the Prior

Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is \$72,250,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, and less the Refunded Bonds, will be \$66,060,000 (collectively, the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$72,320,000. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "PLAN OF FINANCING," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Remaining Outstanding Bonds are as follows:

PRINCIPAL AMOUNTS OF THE REMAINING OUTSTANDING BONDS

Maturity Date	2014	2015	2017	2018	2020	2020A
<u>September 1</u>	<u>Refunding</u>	<u>Refunding</u>	<u>Refunding</u>	<u>Refunding</u>	<u>Refunding</u>	<u>Refunding</u>
2021	\$50,000	\$25,000	\$100,000	\$70,000	\$50,000	\$15,000
2022	50,000	25,000	100,000	70,000	75,000	15,000
2023	50,000	25,000	100,000	70,000	75,000	15,000
2024		25,000	100,000	70,000	75,000	65,000
2025		25,000	100,000	95,000	75,000	65,000
2026		25,000	100,000	90,000	75,000	65,000
2027		25,000	100,000	90,000	75,000	65,000
2028		25,000	100,000	90,000	75,000	65,000
2029		25,000	100,000	90,000	75,000	65,000
2030		25,000	100,000	90,000	75,000	65,000
2031		25,000	100,000	115,000	75,000	65,000
2032		25,000	100,000	115,000	75,000	65,000
2033		25,000	100,000	110,000	75,000	65,000
2034		25,000	100,000	110,000	75,000	65,000
2035		25,000	100,000	110,000	75,000	65,000
2036		25,000	100,000	110,000	75,000	65,000
2037		25,000	2,175,000	110,000	75,000	65,000
2038		25,000	2,595,000	10,000	75,000	65,000
2039		25,000		2,765,000	75,000	65,000
2040		25,000			75,000	2,180,000
2041		25,000	525,000		75,000	2,285,000
2042		1,500,000	525,000		75,000	
2043		1,575,000	1,475,000		75,000	
2044			1,525,000		100,000	
2045			3,250,000		100,000	
2046			3,400,000		2,600,000	\$555,000
2047					2,700,000	585,000
2048					2,800,000	620,000
2049						3,555,000
2050						3,720,000
	\$150,000	\$3,600,000	\$11,430,000	\$8,730,000	\$5,550,000	\$9,035,000

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) \$66,060,000

SOURCES AND USES OF FUNDS

The proceeds derived from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds	\$6,260,000.00
Plus: Accrued Interest	3,521.25
District Contribution	4,000.00
Net Original Issue Premium on the Bonds	<u>315,246.85</u>
Total Sources of Funds	\$6,582,768.10

USES OF FUNDS:

Deposit with Escrow Agent	\$6,313,656.43
Deposit Accrued Interest to Debt Service Fund	3,521.25
Expenses:	
Underwriter Discount	40,690.00
Municipal Bond Insurance Premium and Other Issuance Expenses	<u>224,900.42</u>
Total Uses of Funds	\$6,582,768.10

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the TWC, predecessor of the TCEQ, dated March 18, 1986. The creation of the District was confirmed at an election held within the District on April 5, 1986, by a vote of four (4) "For" to none (0) "Against." The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54 of the Texas Water Code. The District is subject to the continuing supervision of the TCEQ.

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

Pursuant to Chapter 7993, the District is further authorized, consistent with Article III, Section 52 of the Texas Constitution, the power to design, construct, and finance certain road facilities. Before the District could issue bonds to pay for such road facilities, the following actions would be required: (i) authorization of road facilities bonds and a road facilities operation and maintenance tax by the qualified voters in the District; and (ii) approval of the bonds by the Attorney General of the State of Texas.

Under certain limited circumstances the District also is authorized to construct, develop, and maintain park and recreational facilities. In addition, the District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of Houston, within whose extraterritorial jurisdiction the District lies for creation of the District, the District has agreed to observe certain Houston requirements. These requirements limit the purposes for which the District may sell bonds to the acquisition and improvement of waterworks, wastewater, and drainage facilities, park and recreational facilities, fire-fighting facilities, and refunding purposes; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by Houston of the District's construction plans and specifications.

Description

The District, a municipal utility district created by order of the TWC, now the TCEQ, dated March 18, 1986, operates under the authority of Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54 of the Texas Water Code. Pursuant to Chapter 7993 of the Texas Special District Local Laws Code, the District also maintains the authority of Article III, Section 52 of the Constitution of Texas, as well as the ability to establish and administer defined areas. The District is subject to the continuing supervision of the TCEQ. The District contains approximately 1,463.44 acres of land. The District is located approximately twenty-four miles southwest of the central business district of Houston, Texas, in the northern portion of Fort Bend County, Texas. The District is generally bounded on the north by FM 1093. Canal (Belew) Road forms a portion of the District's west boundary and traverses a portion of the District in a north-south direction. Bellaire Boulevard traverses the District in an east-west direction. The Grand Parkway (SH 99) traverses the District in a north-south direction. The District is located approximately seven miles west of the intersection of FM 1093 and State Highway 6 and approximately 7 miles south of Interstate Highway 10. See "APPENDIX A - LOCATION MAP." The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, and lies wholly within Fort Bend County, Texas. Approximately 1,321.3 acres of land located in the District also lie within FBLID No. 12, which provides flood protection and outfall drainage to the District, and such land within the District is subject to taxation by FBLID No. 12. See "THE SYSTEM - Flood Protection and Drainage Facilities" and - "100-Year Flood Plain" and "INVESTMENT CONSIDERATIONS - Overlapping District Taxes and Functions."

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. All of the Directors currently reside within the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Craig Lewis	President	2024
Leon Bridges, Jr.	Vice President	2022
Peter Lajoie	Secretary	2024
Ken Mathews	Assistant Vice President	2022
Reginald Stubblefield	Assistant Secretary	2022

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Tax Tech, Inc. as the District's Tax Assessor/Collector. According to Tax Tech, Inc., it presently serves approximately 88 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of R.G. Miller Engineers, Inc. (the "Engineer") in connection with the overall planning activities and the design and construction of the System.

Bookkeeper - The District has engaged District Data Services, Inc. as the District's Bookkeeper. According to District Data Services, Inc., it currently serves approximately 40 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's current auditor is Mark C. Eyring CPA, PLLC. A copy of the District's audit for the fiscal year ended September 30, 2020, which was prepared by Mark C. Eyring CPA, PLLC, is included as "APPENDIX B" to this Official Statement.

Utility System Operator – Municipal District Services, L.L.C. is the general operator of the System. According to Municipal District Services, L.L.C., it is currently engaged as utility system operator for approximately 72 utility districts.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company_search.html.

DEVELOPMENT AND HOME CONSTRUCTION

Land within the District is being developed primarily for single-family residential and commercial usage. As of March 1, 2021, an aggregate of 1,469 homes have been constructed in the District, all of which have been sold to homeowners. Such homes have been constructed on the 1,471 fully-developed single-family residential lots that have been developed on a total of approximately 374.7 acres of land located in the District.

The development of Westpark Lakes, Section 1, Parkway Lakes, Sections 1 through 3, Lost Creek, Sections 1 through 5, Meadows of Parkway Lakes, Grand Meadows, Sections 1 through 4, and Grand Ridge Crossing (collectively including approximately 374.7 total acres, 1,471 total single-family residential lots), is complete in the District, including water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the "System") and street paving. The development of Grand Trails (approximately 23.78 acres, 126 single-family residential lots) is currently underway within the District by Meritage Homes of Texas, LLC ("Meritage") (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"), with completion expected in approximately April 2021. The development of approximately 13.2 acres located within the District is underway, with completion expected in approximately August 2021, on which a 165-unit apartment complex is expected to be constructed.

A total of approximately 142.67 acres of land within the District has been developed for commercial usage on which approximately 140.82 acres of commercial improvements totaling approximately 1,377,060 square feet of building area have been constructed as follows. Approximately 76.56 of such approximately 142.67 acres contain a total of approximately 725,090 square feet of completed building area in the Shops at Bella Terra. Approximately 8.35 of such approximately 142.67 acres contain a total of approximately 54,468 square feet of completed building area in the Shops at Parkway Lakes. Completed commercial improvements located within the District include the Shops at Bella Terra, the Shops at Parkway Lakes and other commercial developments are set forth below.

The Shops at Bella Terra - Approximately 725,090 total square feet of building area, including: Super Wal-Mart, Kohl's Department Store, 24 Hour Fitness, Best Buy, 9 retail strip centers, 10 freestanding commercial buildings including restaurants and a medical facility, and a Public Storage facility.

Shops at Parkway Lakes - Approximately 54,468 total square feet of building area comprised of 7 freestanding commercial buildings including a car wash, auto parts store, day care, and other tenants, and a retail strip center.

Additional Commercial Development - Approximately 597,502 total square feet of building area, including 11 freestanding commercial buildings including a gas station/convenience store, 2 medical facilities, a senior living facility, a movie theater, a day care facility, an office building, Sam's Club store, auto parts store, a restaurant, a retail strip center, and 3 office condominium buildings.

A total of approximately 604.9 acres of currently undeveloped land located within the District are available for future development. Approximately 10.92 of the undeveloped acres located within the District that are currently expected to be developed for multi-family residential and/or commercial usage are owned by The District at Parkway Lakes, Ltd. (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 26.75 of the currently undeveloped acres located within the District are owned by CNS Ventures LLC (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 42.66 of the currently undeveloped acres located within the District that are currently expected to be developed for single-family residential usage are owned by 3535 Wilcrest, Ltd. According to the District's tax rolls, approximately 268.94 of such currently undeveloped acres located within the District are owned by WBH Ranches, L.P. ("WBH") (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). Approximately 142.14 currently undeveloped acres located within the District are owned by Cathexis Legacy Holdings, LLC ("Cathexis") (described under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS"). WBH and Cathexis have indicated to the District that they are proceeding with the development of the WBH and Cathexis property consisting of a mixed use commercial, retail, and multi-family development, but, to date, the District has not received a definitive land plan or build-out projections. Approximately 113.47 currently undeveloped acres located within the District are owned by multiple additional parties, none of which has reported a definitive development plan to the District covering any of such acres. Since none of the owners of any of such currently undeveloped acres has any obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acreage within the District consists of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or is otherwise not available for future development.

The District financed its portion of the cost of the acquisition or construction of the components of the System that serve Westpark Lakes, Section 1, Parkway Lakes, Sections 1 through 3, Lost Creek, Sections 1 through 5, Meadows of Parkway Lakes, Grand Meadows, Sections 1 through 4, Shops at Bella Terra, Phases 2 through 5, Bellaire Boulevard, Bellaire Crossing at Parkway Lakes, Grand Lakes Crossing, the Stripes Tract, Southeast Corner, District West at Parkway Lakes, trunk facilities located in the right-of-way of Bellaire Boulevard, and certain other facilities, including storm drainage/detention pond facilities, water supply, interim wastewater treatment facilities, permanent wastewater treatment facilities, Phase 1 and sub-regional detention basin land costs, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

As of March 1, 2021, the status of land development and home construction within the District was as follows:

Subdivision	LOTS				HOMES				Totals
	Developed	Acres	Under Development	Acres	Under Construction		Complete		
					Sold	Unsold	Sold	Unsold	
Westpark Lakes Section 1	192	54.5			0	0	192	0	192
Parkway Lakes Section 1	133	44.9			0	0	131	0	131
Section 2	78	25.4			0	0	78	0	78
Section 3	92	22.1			0	0	92	0	92
Lost Creek Section 1	157	42.4			0	0	157	0	157
Section 2	219	48.0			0	0	219	0	219
Section 3	78	20.9			0	0	78	0	78
Section 4	51	10.7			0	0	51	0	51
Section 5	51	10.3			0	0	51	0	51
Meadows of Parkway Lakes	91	20.0			0	0	91	0	91
Grand Meadows Section 1	64	12.7			0	0	64	0	64
Section 2	70	15.4			0	0	70	0	70
Section 3	103	23.9			0	0	103	0	103
Section 4	6	1.5			0	0	6	0	6
Grand Ridge Crossing*	86	23.0			0	0	86	0	86
Grand Trails			126	23.78	0	0	0	0	0
Totals	1,471	374.4	126	23.78	0	0	1,469	0	1,469

* The land that has been developed as Grand Ridge Crossing was originally platted as Grand Lakes Crossing.

DEVELOPERS AND PRINCIPAL LAND OWNERS

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to the Prior Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Orders authorizing the District to issue the Prior Bonds. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district

to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developers and Principal Land Owners

Descriptions of certain developers that have undertaken development projects to date in the District and of certain other principal land owners that own land that is located within the District follow. The developer of the 303 fully developed single-family residential lots located within the District that have been subdivided as Parkway Lakes, Sections 1 through 3 is Parkway Lakes Development, Inc., a Texas corporation ("PLDI") whose principal shareholder is Sun Coast Financial, Inc. PLDI has sold all of the Parkway Lakes, Sections 1 through 3 lots to home building companies that have constructed homes on all of such lots and have sold all of such homes to homeowners with the exception of two lots in Section 1 which are available for purchase.

Approximately 23.78 acres located within the District are owned by Meritage Homes of Texas, LLC ("Meritage"). According to Meritage, the development of Grand Trails (approximately 23.78 acres, 126 single-family residential lots) is currently underway within the District, with completion expected in approximately April 2021.

The development of approximately 13.2 acres located within the District has been initiated by DD Peek 13.2, LLC ("DDP 13.2"), with completion expected in approximately August 2021, on which a 165-unit apartment complex is expected to be constructed.

PLDI, Meritage, and DDP 13.2 are referred to herein together as the "Developers."

Approximately 5.2 acres of land within the District have been developed for commercial usage by Grand Park Professional Place, LLC, on which three office condominium buildings totaling approximately 16,700 square feet of building area on approximately 1.8 acres have been constructed.

A total of approximately 604.9 acres of currently undeveloped land located within the District are available for future development. Approximately 10.92 of the undeveloped acres located within the District that are currently expected to be developed for multi-family residential and/or commercial usage are owned by The District at Parkway Lakes, Ltd. Approximately 26.75 of the currently undeveloped acres located within the District are owned by CNS Ventures LLC. Approximately 42.66 of the currently undeveloped acres located within the District that are currently expected to be developed for single-family residential usage are owned by 3535 Wilcrest, Ltd. According to the District's tax rolls, approximately 268.94 of such currently undeveloped acres located within the District are owned by WBH Ranches, L.P. ("WBH"). Approximately 142.14 currently undeveloped acres located within the District are owned by Cathexis Legacy Holdings, LLC ("Cathexis"). WBH and Cathexis have indicated to the District that they are proceeding with the development of the WBH and Cathexis property consisting of a mixed use commercial, retail, and multi-family development, but, to date, the District has not received a definitive land plan or build-out projections. Approximately 113.47 currently undeveloped acres located within the District are owned by multiple additional parties, none of which has reported a definitive development plan to the District covering any of such acres. Since none of the owners of any of such currently undeveloped acres has any obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Principal Land Owner/Developer Obligations to the District."

FUTURE DEVELOPMENT

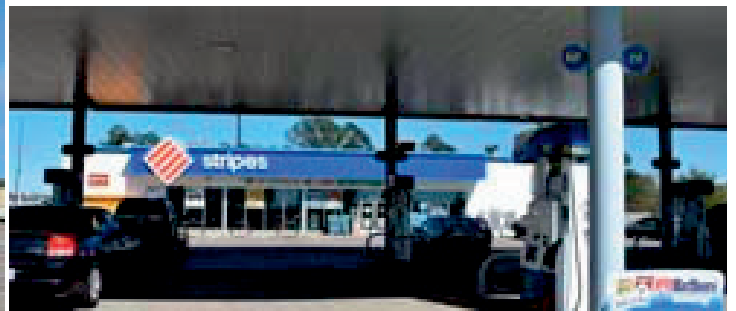
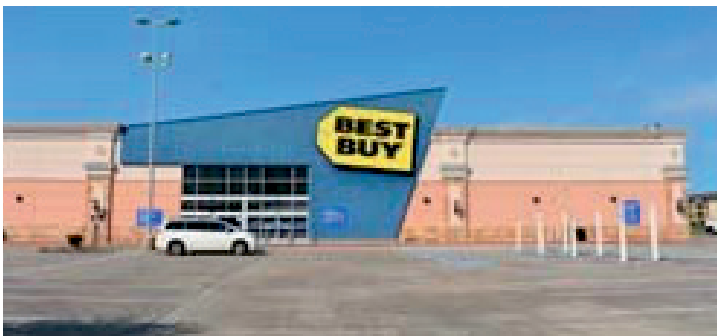
The District contains approximately 604.9 acres of land available for future development on which no development activity has yet been undertaken, which acres are currently expected to be developed for future single-family residential, multi-family residential, and/or commercial usage. Approximately 10.92 of the undeveloped acres located within the District that are currently expected to be developed for multi-family residential and/or commercial usage are owned by The District at Parkway Lakes, Ltd. Approximately 26.75 of the currently undeveloped acres located within the District are owned by CNS Ventures LLC. Approximately 42.66 of the currently undeveloped acres located within the District that are currently expected to be developed for single-family residential usage are

owned by 3535 Wilcrest, Ltd. According to the District's tax rolls, approximately 268.94 of such currently undeveloped acres located within the District are owned by WBH Ranches, L.P. ("WBH"). Approximately 142.14 currently undeveloped acres located within the District are owned by Cathexis Legacy Holdings, LLC ("Cathexis"). WBH and Cathexis have indicated to the District that they are proceeding with the development of the WBH and Cathexis property consisting of a mixed use commercial, retail, and multi-family development, but, to date, the District has not received a definitive land plan or build-out projections. Approximately 113.47 currently undeveloped acres located within the District are owned by multiple additional parties, none of which has reported a definitive development plan to the District covering any of such acres. A portion of the aforementioned undeveloped acreage within the District consists of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or is otherwise not available for future development. As is stated above under the caption "DEVELOPERS AND PRINCIPAL LAND OWNERS," since no owner of any of the currently undeveloped land located within the District is under any obligation to the District to undertake the development of any of such land, and may sell any of such land at its sole discretion, the District cannot represent when, or whether, any development of any of such land might be undertaken, or the ultimate usage of any of such land. The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, the completion of the ongoing construction of Water Plant No. 2 and the permanent Sewage Treatment Plant (see "THE SYSTEM"), and, to a great extent, the general and other economic conditions which would affect any party's ability to develop and sell residential lots and/or other property, including land developed for multi-family residential and/or commercial usage, of any home builder to sell completed homes, and of any party to construct and lease multi-family and/or commercial above-ground improvements described in this Official Statement under the caption "INVESTMENT CONSIDERATIONS." If the undeveloped portions of the District are eventually developed, additions to the District's System required to service such undeveloped acreage may be financed by future issues (if any) of the District's bonds and developer contributions, if any, as required by the TCEQ. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt." The District's consulting engineer, R.G. Miller Engineers, Inc. (the "Engineer") currently estimates that the aforementioned \$78,380,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities that will be necessary to provide service to all of the currently undeveloped portions of the District. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken March 2021)



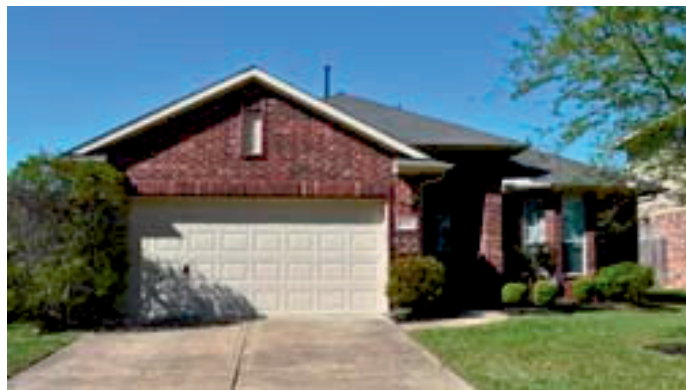
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken March 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken March 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken March 2021)



DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the Refunded Bonds, will be \$66,060,000 (the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$72,320,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government that overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2020 Assessed Valuation	\$	605,905,658 (a)
(As of January 1, 2020)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Remaining Outstanding Bonds	\$	66,060,000
The Bonds		<u>6,260,000</u>
Total	\$	72,320,000 (b)
Estimated Overlapping Debt	\$	<u>42,885,761</u>
Total Direct and Estimated Overlapping Debt	\$	115,205,761
Direct Debt Ratio		
: as a percentage of 2020 Assessed Valuation		11.94 %
Direct and Overlapping Debt Ratio		
: as a percentage of 2020 Assessed Valuation		19.01 %
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	\$	4,962,124 (c)
General Fund Balance as of March 9, 2021.....	\$	6,150,979
2020 Tax Rate per \$100 of Assessed Valuation		
The District		
Debt Service Tax	\$0.68	
Maintenance Tax	<u>0.23</u>	
Total	\$	\$0.910 (d)
Fort Bend County Levee Improvement District No. 12		<u>0.075</u> (d)
Total	\$	0.985 (d)
Average Percentage of Total Tax Collections (2010-2019) as of February 28, 2021.....		99.95 %
Percentage of Tax Collections of 2020 Levy as of February 28, 2021		
(In process of collection)		92.59 %

- (a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

- (b) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt” and - “Use and Distribution of Bond Proceeds,” “FUTURE DEVELOPMENT,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”
- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution of \$4,000 to the refunding of the Refunded Bonds. The District’s remaining debt service payments for 2021, which are due on September 1, 2021, total \$2,617,344, and consist of the payment of and interest on the Remaining Outstanding Bonds and the Bonds.
- (d) The entirety of the District is located within FBLID No. 12 and is subject to taxation by FBLID No. 12. The District has levied a debt service tax in the amount of \$0.68 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.23 per \$100 of Assessed Valuation. As is stated above, FBLID No. 12 has levied a total tax of \$0.075 per \$100 of Assessed Valuation for 2020. Thus, the combined tax levies of the District and FBLID No. 12 are \$0.985 per \$100 of Assessed Valuation for 2020. Such combined levies are higher than the combined tax rates levied by some municipal utility districts in the Houston metropolitan area, but are within the range of tax rates being levied by municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. As is described in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District is \$2.792307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and - “Overlapping District Taxes and Functions.”

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Debt as of March 1, 2021	Estimated Overlapping Percent	Estimated Overlapping Amount
Fort Bend County	\$622,289,567	0.78865%	\$4,907,675
Fort Bend County Drainage District	\$25,405,000	0.79497%	\$201,963
Fort Bend Levee Improvement District No. 12	10,700,000	22.07198%	2,361,702
Lamar Consolidated Independent School District	1,112,480,000	3.18338%	<u>35,414,421</u>
Total Estimated Overlapping Debt			\$42,885,761
The District (the Bonds and the Remaining Outstanding Bonds)			<u>72,320,000</u>
Total Direct & Estimated Overlapping Debt			\$115,205,761

Debt Ratios

	% of 2020 Assessed Valuation
Direct Debt	11.94%
Direct and Estimated Overlapping Debt	19.01%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of \$0.23 per \$100 of Assessed Valuation in 2020. See "TAX DATA - Maintenance Tax."

Debt Service Requirement Schedule

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

<u>Year Ending December 31</u>	<u>Current Total Debt Service</u>	<u>Less: Debt Service on Refunded Bonds</u>	<u>Plus: The Bonds -</u>		<u>Current Total New Debt Service Requirements</u>
			<u>Principal</u>	<u>Interest</u>	
2021	\$3,922,227	\$123,800	\$ 65,000	\$35,213	\$3,898,640
2022	3,969,861	247,600	30,000	138,900	3,891,161
2023	3,966,486	1,022,600	805,000	138,000	3,886,886
2024	3,956,136	1,021,600	825,000	113,850	3,873,386
2025	3,975,255	1,029,400	860,000	89,100	3,894,955
2026	3,951,674	1,025,600	885,000	63,300	3,874,374
2027	3,945,711	1,035,600	915,000	27,900	3,853,011
2028	3,937,561	1,038,800	930,000	18,750	3,847,511
2029	3,927,049	1,050,400	945,000	9,450	3,831,099
2030	3,973,836				3,973,836
2031	3,983,649				3,983,649
2032	3,967,036				3,967,036
2033	3,947,836				3,947,836
2034	3,937,074				3,937,074
2035	3,918,324				3,918,324
2036	3,901,836				3,901,836
2037	4,002,549				4,002,549
2038	4,231,099				4,231,099
2039	4,274,486				4,274,486
2040	4,039,849				4,039,849
2041	4,054,480				4,054,480
2042	4,100,961				4,100,961
2043	4,105,836				4,105,836
2044	4,155,805				4,155,805
2045	4,171,805				4,171,805
2046	3,686,805				3,686,805
2047	3,700,040				3,700,040
2048	3,713,585				3,713,585
2049	3,722,325				3,722,325
2050	3,805,560				3,805,560
	<hr/>				
	\$118,946,736	\$7,595,400	\$6,260,000	\$634,463	\$118,245,799
Average Annual Requirements: (2021-2050)					\$3,941,526
Maximum Annual Requirement: (2039)					\$4,274,486

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District has levied a debt service tax for 2020 at a rate of \$0.68 per \$100 of Assessed Valuation. See - "Tax Rate Distribution" below.

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 a vote of the District's electorate. On May 2, 1992, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$5.75 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds and any tax-supported bonds which may be issued in the future. The District has levied a maintenance tax of \$0.23 per \$100 of Assessed Valuation for 2020. See "Tax Rate Distribution" below.

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance: \$5.75 per \$100 Assessed Valuation.

Historical Values and Tax Collection History

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Adjusted Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ending 09/30</u>
2010	\$283,860,916	\$0.90	\$2,554,748	99.98%	2011
2011	308,825,902	0.90	2,779,433	99.99	2012
2012	333,273,972	0.91	3,032,793	99.99	2013
2013	351,609,758	0.91	3,199,649	99.99	2014
2014	373,973,414	0.91	3,403,158	99.99	2015
2015	437,076,814	0.91	3,977,399	99.97	2016
2016	470,466,496	0.91	4,281,245	99.95	2017
2017	501,481,145	0.91	4,563,478	99.93	2018
2018	538,909,742	0.91	4,904,078	99.84	2019
2019	564,707,105	0.91	5,138,835	99.83	2020
2020	605,905,658	0.91	5,513,742	92.59(c)	2021

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through February 28, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) As of February 28, 2021. In process of collection.

Tax Rate Distribution

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Service	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68
Maintenance	<u>0.23</u>	<u>0.23</u>	<u>0.23</u>	<u>0.23</u>	<u>0.23</u>
Total	\$0.91	\$0.91	\$0.91	\$0.91	\$0.91

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

<u>Type of Property</u>	<u>2020</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u>	<u>2019</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u>	<u>2018</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u>
Land	\$161,535,119	26.66%	\$163,407,169	28.94%	\$154,664,030	28.70%
Improvements	409,186,195	67.53%	369,276,697	65.39%	357,312,650	66.30%
Personal Property	44,249,430	7.30%	40,945,900	7.25%	37,768,577	7.01%
Auto/Other	964,660	0.16%	781,090	0.14%	489,300	0.09%
Agriculture	52,570	0.01%	47,750	0.01%	0	0.00%
Exemptions	<u>(10,082,316)</u>	<u>-1.66%</u>	<u>(9,751,501)</u>	<u>-1.73%</u>	<u>(11,324,815)</u>	<u>-2.10%</u>
TOTAL	\$605,905,658	100.00%	\$564,707,105	100.00%	\$538,909,742	100.00%

<u>Type of Property</u>	<u>2017</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u>	<u>2016</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u>
Land	\$135,320,320	26.98%	\$123,194,190	26.19%
Improvements	340,016,252	67.80%	319,658,224	67.94%
Personal Property	36,993,959	7.38%	36,694,380	7.80%
Auto/Other	416,940	0.08%	332,790	0.07%
Exemptions	<u>(11,266,326)</u>	<u>-2.25%</u>	<u>(9,413,088)</u>	<u>-2.00%</u>
TOTAL	\$501,481,145	100.00%	\$470,466,496	100.00%

Principal 2020 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2020. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2020.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2020 Taxable Value</u>	<u>% of 2020 Tax Roll</u>
Shops at Bella Terra Owner LP (i)	Land and Improvements	\$48,755,620	8.05%
Wal-Mart Real Estate Business Trust and Wal-Mart (ii)	Land, Improvements and Personal Property	21,407,230	3.53%
Sam's Real Estate Business Trust #6867 and Sam's East Inc. (iii)	Land, Improvements and Personal Property	19,521,970	3.22%
BMSH I Katy TX LLC	Land, Improvements and Personal Property	18,039,190	2.98%
Store Capital Acquisitions LLC	Land and Improvements	13,832,512	2.28%
Kohls Illinois, Inc.	Land, Improvements and Personal Property	13,372,340	2.21%
Westpark Springs, LLC	Land and Improvements	9,731,310	1.61%
Bella Terra TRS Owner LLC (i)	Land and Improvements	8,644,756	1.43%
Health Care Reit Inc.	Land and Improvements	7,919,720	1.31%
PS LPT Properties Investors	Land and Improvements	<u>5,453,520</u>	<u>0.90%</u>
		\$166,678,168	27.51%

(i) Related parties.

(ii) Wal-Mart Real Estate Business Trust \$15,732,730; Wal-Mart \$5,674,500.

(iii) Sam's Real Estate Business Trust #6867 \$9,850,690; Sam's East Inc. \$6,813,110.

Tax Exemption

The District has adopted a residential homestead exemption for persons 65 or older or disabled persons in the amount of \$20,000 of appraised value, and has not granted a general residential homestead exemption for 2020. See "TAXING PROCEDURES."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2020 Assessed Valuation. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2021-2050)	\$3,941,526
Tax Rate of \$0.69 on the 2020 Assessed Valuation (\$605,905,658) produces	\$3,971,712
Maximum Annual Debt Service Requirement (2039)	\$4,274,486
Tax Rate of \$0.75 on the 2020 Assessed Valuation (\$605,905,658) produces	\$4,317,078

The District levied a debt service tax of \$0.68 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.23 per \$100 of Assessed Valuation. As the above table indicates, the 2020 debt service tax rate will not be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated

above under the caption “Historical Values and Tax Collection History,” the District had collected an average of 99.95% of its 2010 through 2019 tax levies as of February 28, 2021, and 92.59% of its 2020 tax levy as of such date. In addition, the District's Debt Service Fund balance is estimated to be \$4,962,124 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See “APPENDIX B – ANNUAL AUDIT REPORT” Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2020 - \$0.68 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2020 taxes levied upon property located within the District and the District’s 2020 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see “DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<u>Taxing Jurisdiction</u>	<u>2020 Tax Rate/\$100</u>
Fort Bend County	\$0.435876
Fort Bend County Drainage District	0.017331
Lamar Consolidated Independent School District	1.269100
Fort Bend Levee Improvement District No. 12 (i)	0.075000
Harris-Fort Bend Emergency Services District No. 100	0.085000
The District (ii)	<u>0.910000</u>
	\$2.792307

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- (i) Approximately 1,321.3 acres located within the District are also located within Fort Bend Levee Improvement District No. 12
- (ii) The District has levied a total tax rate of \$0.91 per \$100 of Assessed Valuation for 2020, consisting of debt service and maintenance taxes of \$0.68 and \$0.23 per \$100 of Assessed Valuation, respectively.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-wide Appraisal District

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

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

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

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 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the 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, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. 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, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving 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 to be transferred to a subsequent residence homestead of the surviving spouse.

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 market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the

homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not granted a general residential homestead exemption for 2021. See “TAX DATA - Exemptions.”

Freeport Goods Exemption: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.

Tax Abatement

Fort Bend County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Houston, Fort Bend County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine the 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 Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. 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 of 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 for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (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 years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll. The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Boards 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 Districts 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 values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and

interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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. For the 2020 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than 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 Tax Code.

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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by 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. 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 (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS -Tax Collection Limitations."

THE SYSTEM

Regulation

According to the District's Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, FBLID No. 12, the TCEQ, and the U.S. Army Corps of Engineers. Fort Bend County and the City of Houston also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximate 1,463.44 acres is 7,128 with a total estimated population of 15,000 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The District financed its portion of the cost of the acquisition or construction of the components of the System that serve Westpark Lakes, Section 1, Parkway Lakes, Sections 1 through 3, Lost Creek, Sections 1 through 5, Meadows of Parkway Lakes, Grand Meadows, Sections 1 through 4, Shops at Bella Terra, Phases 2 through 5, Bellaire Boulevard, Bellaire Crossing at Parkway Lakes, Grand Lakes Crossing, the Stripes Tract, Southeast Corner, District West at Parkway Lakes, trunk facilities located in the right-of-way of Bellaire Boulevard, and certain other facilities, including storm drainage/detention pond facilities, water supply, interim wastewater treatment facilities, permanent wastewater treatment facilities, Phase 1 and sub-regional detention basin land costs, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT” and “INVESTMENT CONSIDERATIONS - Future Debt.

Water Supply

The District is served by a water well and water plant, which consists of a 1,500 gallons-per-minute (“g.p.m.”) water well and pump, a 500,000 gallon ground storage tank, one 25,000 gallon and one 15,000 gallon hydropneumatic tank, booster pumps totaling 5,500 g.p.m., a control building, chlorination facilities, an auxiliary power unit, and related appurtenances. Construction of Water Plant No. 2, which includes two 318,000 gallon ground storage tanks, two 30,000 gallon hydropneumatic tanks, booster pumps totaling 2,500 g.p.m., a control building, chlorination facilities, an auxiliary power unit, and all related appurtenances, is underway, with completion expected in the summer of 2021. The District has emergency water interconnections with Fort Bend County Municipal Utility District No. 122 and Fort Bend County Municipal Utility District No. 133. The interconnections are normally closed and are used for emergency purposes only. The District also receives surface water, which is provided by North Fort Bend Water Authority (“NFBWA”). See “Fort Bend Subsidence District/North Fort Bend Water Authority” below. According to the District's Engineer, the aforementioned water supply facilities contain adequate capacity to provide service to 2,500 ESFCs located in the District. Upon completion of Water Plant No. 2, such facilities will contain adequate capacity to provide service to an additional 2,488 ESFCs located in the District.

Wastewater Treatment

The District is currently served by a 700,000 gallons-per-day (“g.p.d.”) interim wastewater treatment plant. According to the District's Engineer, the facility contains adequate capacity to provide service to 3,111 ESFCs located in the District, based upon flow of 225 g.p.d./ESFC. Portions of the proceeds of the sale of the Prior Bonds were used to finance the engineering design and the cost of construction of the 1,500,000 g.p.d. permanent wastewater treatment plant. See “DEVELOPMENT OF THE DISTRICT.” Construction is underway for the 1,500,000 g.p.d. permanent wastewater treatment plant that will add approximately 3,555 ESFCs to the District, with completion expected in approximately the second quarter of 2021.

Outfall Drainage Channel

Storm water from within the District generally drains through underground lines to detention ponds, and outfalls to Long Point Slough which has been constructed by FBLID No. 12. The District financed its portion of the cost of construction of detention pond facilities with portions of the proceeds of the sale of the Prior Bonds.

Flood Protection and Drainage Facilities

Approximately 4,045 acres of land, including approximately 1,321.3 acres that are located within the District, lie within the boundaries of FBLID No. 12. In accordance with Chapter 57 of the Texas Water Code, FBLID No. 12 adopted a Plan of Reclamation which is the overall plan for reclaiming and draining the land within FBLID No. 12. The Plan of Reclamation was approved by the Texas Water Commission (now the TCEQ) by order dated January 7, 1986. Under the provisions of Chapter 57 of the Texas Water Code, FBLID No. 12 may only construct drainage facilities and improvements that are included in the approved Plan of Reclamation. In connection with the Plan of Reclamation, a predecessor of the TCEQ issued a permit allowing for the construction of approximately 58,100 feet

of channel improvements on Clodine Ditch and Long Point Slough, replacement of an existing Southern Pacific Railroad bridge, modifications to an existing bridge on F.M. 1093, assorted culverts, and the adjustment of a number of pipelines to accommodate the ultimate outfall drainage needs of the District. Completion of all of the ultimate drainage facilities authorized under the Plan of Reclamation was planned to eliminate the overbank 100-year flood plain from the District.

Construction of improvements, including construction of the downstream 43,500 feet of channel, along with all pipeline adjustments, culverts, and bridge work, has been completed. In addition, a channel was constructed for the remaining 14,600 feet upstream. The improvements removed all of FBLID No. 12, including the entirety of the land located within the District, except for that area that is part of Clodine Ditch and Long Point Slough, from the 100-year flood plain, as evidenced by the Flood Insurance Rate Map dated January 2, 1997, and updated April 2, 2014.

FBLID No. 12 financed all of the facilities proposed to be constructed pursuant to the approved Plan of Reclamation with the proceeds of the sale of the FBLID No. 12 Series 1986 Bonds.

100-Year Flood Plain

As is stated above, according to the Engineer, the entirety of the developable land located within FBLID No. 12, including the entirety of the developable area of the District, has been removed from the 100-year flood plain designation on the most recent Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) dated April 2, 2014, as a consequence of the construction of flood plain reclamation and outfall drainage improvements financed by FBLID No. 12 with the proceeds of the sale of the FBLID No. 12 Series 1986 Bonds. The improvements allow for full development of property as long as FBLID No. 12's storm water detention requirements are satisfied. Any project constructed within FBLID No. 12 is required to provide storm water detention to a minimum specification of 0.6 acre-feet per acre. The entirety of the land located within FBLID No. 12, including the entirety of the District, is located outside the 100-year flood plain of the Clodine Ditch and Long Point Slough channels.

FEMA has completed a study to reevaluate the “base flood elevation” (commonly referred to as the 100-year flood plain elevation) in Fort Bend County. Based on the results of this study, FEMA and Fort Bend County revised the FIRM panels for the entire County and, based on the new flood plain map (dated April 2, 2014), the District remains outside the 100-year flood plain except for the area that is within the Clodine Ditch and Long Point Slough.

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100 year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. If substantial or frequent flooding of homes were to occur in the area of the District, the marketing of homes and the future growth of property values in the District could be adversely affected. See “INVESTMENT CONSIDERATIONS - Tropical Weather Events.”

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.

Fort Bend Subsidence District/North Fort Bend Water Authority

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. Pursuant to its GRP, the Authority is delivering surface water to the District.

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, substantial fees per 1,000 gallons based on the amount of groundwater pumped by the District, and the amount of surface water received from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds at least 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) have limited 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; 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 substantial disincentive fee penalty, currently \$6.50 per 1,000 gallons (“Disincentive Fees”), imposed by the Subsidence District for any groundwater withdrawn not in compliance with the limits set forth above. 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. 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.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, or any political subdivision or agency other than the District, are secured by the proceeds of an annual ad valorem tax, levied without legal limit as to rate or amount, upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below and "THE BONDS - Source of Payment" and "Registered Owners' Remedies."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial proportion of the assessed valuation of the property located within the District is attributable to the current market value of (i) single-family residences that have been constructed within the District, and (ii) commercial buildings that have been constructed within the District. The market value of such residences is related to general economic conditions affecting the demand for residences. Demand for residences of this type and the construction of commercial buildings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Further declines in the price of oil could adversely affect job stability, wages, and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Declines on the Houston Area" below). Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Decreased levels of home construction activity would restrict the growth of property values in the District. Although development of the District has occurred as described in this Official Statement under the captions "DEVELOPMENT OF THE DISTRICT," and "DEVELOPERS AND PRINCIPAL LAND OWNERS," the District cannot predict the pace or magnitude of any future land development, home construction, or the construction of future commercial buildings in the District other than that which has occurred to date, and the District cannot predict the level of occupancy of the homes or commercial buildings that have been or may be constructed within the District.

District Bankruptcy: In the mid to late 1980's, the Houston metropolitan area, including the vicinity of the District, experienced increases in unemployment, business failures, and unused office space. Articles in the media reported an oversupply of homes for sale and numerous foreclosures in the Houston suburbs. These factors adversely affected the demand for new and used suburban residences. The general oversupply of homes, in turn, adversely impacted prices for homes and lots and, consequently, property values in the Houston metropolitan area declined. THE DISTRICT DEFAULTED ON ITS SERIES 1987 BONDS, FILED BANKRUPTCY, AND ADJUSTED ITS DEBT. Home construction and development were recommenced in 1999. See "DISTRICT BANKRUPTCY" and "DEVELOPMENT OF THE DISTRICT."

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred as described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT" and "DEVELOPERS AND

PRINCIPAL LAND OWNERS” the District cannot predict the pace or magnitude of any future land development, home construction or the construction of future commercial buildings in the District other than that which has occurred to date, and the District cannot predict the level of occupancy of the homes or commercial buildings that have been or may be constructed within the District. See “FUTURE DEVELOPMENT.” The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity and the construction of commercial buildings, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and at which the construction of commercial buildings might be undertaken. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District, of homebuilders to initiate the construction of new homes for sale, or the construction of future commercial buildings. 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 development and/or home construction or construction of future commercial buildings within the District. In addition, since the District is located approximately 24 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans or construction of future commercial buildings in the District and restrain the growth of the District’s property tax base.

Principal Land Owners' Obligations to the District: The ability of any principal land owner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. The District's largest taxpayer in 2020, as reflected on the District's 2020 tax roll, is Shops at Bella Terra Owner LP (“Bella Terra”). The 2020 Assessed Valuation of the property owned by Bella Terra comprised approximately 8.05% of the District's total 2020 taxable Assessed Valuation. Bella Terra TRS Owner LLC, a related entity of Bella Terra, owns property that comprised 1.43% of the tax roll, thus the total share of the tax roll owned by Bella Terra related entities comprised 9.47% of the 2020 tax roll. The 2020 Assessed Valuation of the property owned by Wal-Mart Real Estate Business Trust and Wal-Mart comprised approximately 3.53% of the District's total 2020 taxable Assessed Valuation, the 2020 Assessed Valuation of the property owned by Sam’s Real Estate Business Trust #6867 and Sam’s East Inc. comprised approximately 3.22% of the District’s total 2020 taxable Assessed Valuation, and the 2020 Assessed Valuation of the property owned by BMSH I Katy TX LLC comprised approximately 2.98% of the District’s total 2020 taxable assessed valuation. Each of such taxpayers described in the preceding sentence is a large-scale retail store. Should any one or more of such taxpayers or any other major similar taxpayer vacate its respective business, such building could be difficult to re-lease or repurpose, and there could be a resulting decrease in the assessed value thereof. See “TAX DATA - Principal 2020 Taxpayers.” No other party owns property the 2020 Assessed Valuation of which exceeded 2.28% of the District's total 2020 Assessed Valuation. The ten largest taxpayers in 2020 own property that in the aggregate comprised approximately 27.51% of the District’s 2020 taxable Assessed Valuation. There is no commitment by or legal requirement of the Developers or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home building company to proceed at any particular pace with the construction of homes in the future within the District, or of any party to construct additional commercial buildings within the District, and there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity or that future commercial buildings will be constructed in the District. See “FUTURE DEVELOPMENT,” “TAX DATA - Analysis of Tax Base,” - “Tax Exemption,” and “TAXING PROCEDURES - Valuation of Property for Taxation.”

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2020 Assessed Valuation is \$605,905,658. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds will be \$4,274,486 (2039) and the Average Annual Debt Service Requirements will be \$3,941,526 (2021 through 2050, inclusive). Assuming no increase to nor decrease from the 2020 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.75 and \$0.69 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District levied a debt service tax of \$0.68 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.23 per \$100 of Assessed Valuation. Therefore, the 2020 debt service tax rate will not be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.95% of its 2010 through 2019 tax levies as of February 28, 2021, and 92.59% of its 2020 tax levy as of such date. In addition, the District's Debt Service Fund balance is estimated to be \$4,962,124 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B – ANNUAL AUDIT REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2020 - \$0.68 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

FBLID No. 12 has levied a total tax of \$0.075 per \$100 of Assessed Valuation for 2020. Thus, the combined tax levies of the District and FBLID No. 12 are \$0.985 per \$100 of Assessed Valuation for 2020. Such combined levy is higher than the tax rates levied by some municipal utility districts in the Houston metropolitan area, but is within the range of tax rates being levied by municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District and FBLID No. 12 is \$2.792307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Increases in the District's tax rate to substantially higher levels than the total rate of \$0.91 per \$100 of Assessed Valuation that the District has levied for 2020 may have an adverse impact upon future development of the District, the construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes" and "TAXING PROCEDURES."

One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and

FBLID No. 12, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes," "TAXING PROCEDURES" and - "Overlapping District Taxes and Functions" below.

Overlapping District Taxes and Functions

FBLID No. 12 currently provides flood protection and major outfall drainage for approximately 4,045 acres of land, including approximately 1,321.3 acres that are located within the District. FBLID No. 12 issued Unlimited Tax Levee Improvement Bonds, Series 1986 (the "FBLID No. 12 Series 1986 Bonds") to finance the facilities which have been constructed to accomplish flood protection and accommodate storm water drainage within FBLID No. 12, including the approximately 1,321.3 acres of land located within the District. FBLID No. 12 defaulted on the FBLID No. 12 Series 1986 Bonds, filed bankruptcy and adjusted its debt. Home construction and development were recommenced in 1999. Pursuant to such bankruptcy, the FBLID No. 12 Series 1986 Bonds were amended by FBLID No. 12 (the "FBLID No. 12 Amended Bonds"). FBLID No. 12 issued its \$16,315,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2005 to refund all of the FBLID No. 12 Amended Bonds and to restructure its indebtedness, and Unlimited Tax Levee Improvement Refunding Bonds, Series 2012, and Unlimited Tax Levee Improvement Refunding Bonds, Series 2013 to refund portions of the FBLID No. 12 Series 2005 Refunding Bonds. In addition, FBLID No. 12 has issued Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 to refund portions of the FBLID No. 12 Series 2012 Refunding Bonds, and Unlimited Tax Levee Improvement Refunding Bonds, Series 2020 to refund portions of the FBLID No. 12 Series 2012 and Series 2013 Refunding Bonds. FBLID No. 12 has \$10,700,000 bonds currently outstanding. FBLID No. 12 levies a tax on property located within FBLID No. 12, including the District, which tax is in addition to the tax levied by the District. FBLID No. 12's 2020 Assessed Valuation is \$2,538,292,339. FBLID No. 12 levied a tax of \$0.075 per \$100 of Assessed Valuation for 2020, \$0.04 per \$100 of Assessed Valuation of which tax is a debt service tax and \$0.035 per \$100 of Assessed Valuation of which tax is a maintenance tax.

Prospective purchasers of the Bonds are reminded that development which has occurred to date or which is planned to occur on land covered by FBLID No. 12 other than the District creates assessed valuation of property against which taxes will be levied to pay debt service on bonds issued by districts other than the District. The development or lack thereof which occurs in districts within FBLID No.12 other than the District will have an effect on the level of indebtedness and debt service payments thereon of such districts and FBLID No. 12, which ultimately could affect the development of the District and the investment quality or security of the Bonds.

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. NEVERTHELESS, THE PACE AND EXTENT OF DEVELOPMENT OF LAND LOCATED IN FBLID NO. 12 OTHER THAN THE DISTRICT WILL AFFECT THE TAX LEVIED BY FBLID NO. 12, AND THUS THE TOTAL TAX BURDEN ON LAND IN THE DISTRICT.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. 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. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

The District may not be placed into bankruptcy involuntarily.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes.

Marketability

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

Future Debt

The District has the right to issue the remaining \$78,380,000 authorized but unissued bonds for waterworks, wastewater, and drainage facilities, or for refunding purposes, \$11,032,370.50 unissued bonds authorized for refunding purposes only and \$21,700,000 authorized but unissued bonds for recreational facilities and refunding such bonds (see "THE BONDS - Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds,

special project bonds, and other obligations described in the Bond Resolution. All of the remaining \$78,380,000 bonds for waterworks, wastewater, and drainage facilities and \$21,700,000 unissued bonds authorized for recreational facilities or refunding such bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$78,380,000 bonds for waterworks, wastewater, and drainage facilities is also subject to TCEQ authorization.

The District's consulting engineer, R.G. Miller Engineers, Inc. (the "Engineer") currently estimates that the aforementioned \$78,380,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities that will be necessary to provide service to all of the currently undeveloped portions of the District. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," and "THE SYSTEM." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT" and "THE SYSTEM." If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Competitive Nature of Houston Housing and Commercial Building Markets

The single-family development and housing and commercial development and building industries in the Houston area are very competitive, and the District can give no assurance that the building programs that are planned by any future home builder(s) will be completed, that additional commercial buildings will be constructed within the District, or that any development projects other than those that have been heretofore undertaken in the District will be initiated or completed. The likelihood of the construction of future homes or commercial buildings or the initiation of any new residential or commercial development projects in the District is affected by most of the factors discussed in this section, and such likelihood is directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, or the adequacy or accuracy of the information contained in this Official Statement.

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 became effective June 22, 2020, and is currently the subject of ongoing litigation.

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

Extreme Weather Events

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, including the District, 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. However, according to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service from Hurricane Harvey. Further, according to the District's Operator, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes or commercial improvements within the District except for roof damage to approximately 4 homes in the Lost Creek subdivision.

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

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.

Infectious Disease Outbreak (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with the Pandemic. 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 the Pandemic 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 the Pandemic preparedness and mitigation. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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 conditions and financial markets worldwide and within Texas and the Houston area. Stock values and oil prices, in the U.S. and globally, have seen significant declines attributed in part to Pandemic concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

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

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

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.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State 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, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” except for the information under the subheading “Book-Entry-Only System,” “PLAN OF FINANCING - The Refunded Bonds,” “Escrow Agreement,” and “Defeasance of the Refunded Bonds,” “THE DISTRICT - Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions”, “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either 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, other than the matters discussed immediately above.

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. Certain legal matters will be passed upon for the Underwriters by McCall Parkhurst & Horton L.L.P., Dallas, Texas. McCall Parkhurst & Horton L.L.P. has acted as Disclosure Counsel for the District on certain previous new money financings.

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Underwriters to take up 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that 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 Underwriters with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. The District will further rely on the report of Robert Thomas CPA, 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 a 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 Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Qualified Tax-Exempt Obligations

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

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

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

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, 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 or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Bonds; (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; and (c) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416.

Robert Thomas CPA, 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, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

OFFICIAL STATEMENT

General

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

The District's financial statements for the fiscal year ended September 30, 2020, were audited by Mark C. Eyring, CPA, PLLC, Certified Public Accountants, and have been included herein as "APPENDIX B." Mark C. Eyring, PLLC, Certified Public Accountants has agreed to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by R.G. Miller Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the “end of the underwriting period” as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the “end of the underwriting period.”

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) or any successor to its functions as a repository through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. 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 “DISTRICT DEBT,” “TAX DATA,” and in “APPENDIX B.” The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

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 it 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 shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes 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 fiscal year end is currently September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination 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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, 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, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

Underwriters 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 it in accordance with the Rule.

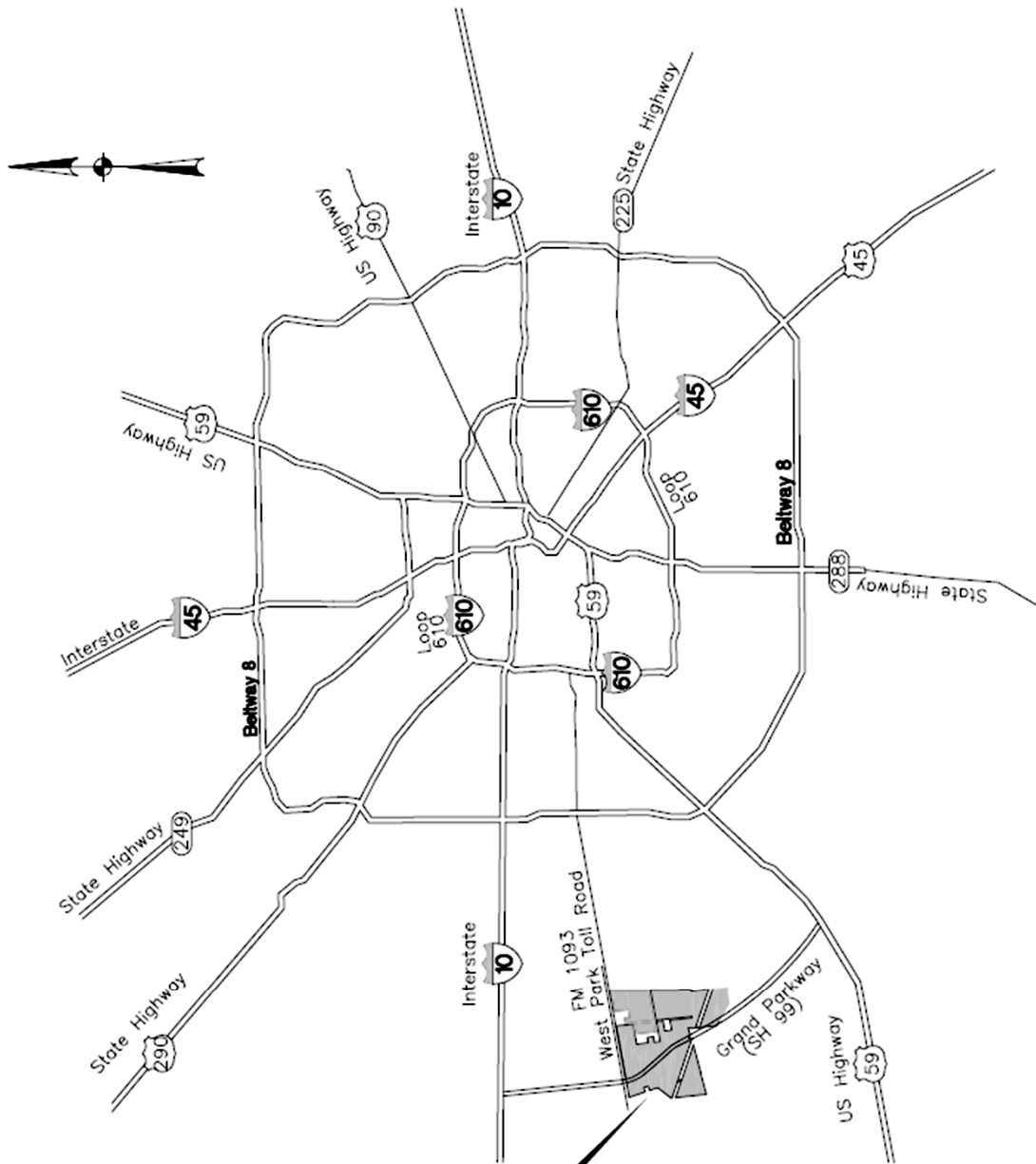
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 50 as of the date shown on the first page hereof.

/s/ Craig Lewis
President, Board of Directors
Fort Bend County Municipal Utility District No. 50

ATTEST:

/s/ Peter Lajoie
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 50

APPENDIX A
LOCATION MAP



F.B.C.M.U.D.
NO. 50

APPENDIX B

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

FORT BEND COUNTY, TEXAS

ANNUAL AUDIT REPORT

SEPTEMBER 30, 2020

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT NO. 50
FORT BEND COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2020

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Mark C. Eyring, CPA, PLLC

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February 9, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 50
Fort Bend County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 50, as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.


Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 50 as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 25 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 26 to 50 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. A. J.", is located in the lower right portion of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Fort Bend County Municipal Utility District No. 50 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as garbage 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 14,494,050	\$ 14,366,377	\$ 127,673
Capital assets	<u>75,106,542</u>	<u>71,513,129</u>	<u>3,593,413</u>
Total assets	<u>89,600,592</u>	<u>85,879,506</u>	<u>3,721,086</u>
Long-term liabilities	88,548,004	86,529,178	2,018,826
Other liabilities	<u>2,827,808</u>	<u>2,351,149</u>	<u>476,659</u>
Total liabilities	<u>91,375,812</u>	<u>88,880,327</u>	<u>2,495,485</u>
Net position:			
Invested in capital assets, net of related debt	(9,408,462)	(14,586,049)	5,177,587
Restricted	7,023,241	8,000,382	(977,141)
Unrestricted	<u>610,001</u>	<u>3,584,846</u>	<u>(2,974,845)</u>
Total net position	<u>\$ (1,775,220)</u>	<u>\$ (3,000,821)</u>	<u>\$ 1,225,601</u>

Summary of Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 5,181,548	\$ 4,953,748	\$ 227,800
Charges for services	2,366,523	2,293,952	72,571
Other revenues	<u>594,499</u>	<u>673,948</u>	<u>(79,449)</u>
Total revenues	<u>8,142,570</u>	<u>7,921,648</u>	<u>220,922</u>
Expenses:			
Service operations	4,027,844	4,316,746	(288,902)
Debt service	<u>2,889,125</u>	<u>3,189,137</u>	<u>(300,012)</u>
Total expenses	<u>6,916,969</u>	<u>7,505,883</u>	<u>(588,914)</u>
Change in net position	1,225,601	415,765	809,836
Net position, beginning of year	<u>(3,000,821)</u>	<u>(3,416,586)</u>	<u>415,765</u>
Net position, end of year	<u>\$ (1,775,220)</u>	<u>\$ (3,000,821)</u>	<u>\$ 1,225,601</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2020 were \$11,823,156, a decrease of \$325,778 from the prior year.

The General Fund balance increased by \$1,062,724, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$127,881, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$1,516,383, as authorized expenditures and the reimbursement of \$222,777 to the General Fund exceeded proceeds from the Series 2019 bond anticipation note and interest earnings.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 25 of this report. The budgetary fund balance as of September 30, 2020, was expected to be \$3,993,338 and the actual end of year fund balance was \$4,634,905.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land and easements	\$ 12,528,001	\$ 12,528,001	\$ 0
Detention ponds	9,998,310	9,998,310	0
Construction in progress	31,764,876	27,623,588	4,141,288
Water facilities	4,787,678	4,872,118	(84,440)
Sewer facilities	8,515,843	8,758,484	(242,641)
Drainage facilities	7,511,834	7,732,628	(220,794)
Totals	<u>\$ 75,106,542</u>	<u>\$ 71,513,129</u>	<u>\$ 3,593,413</u>

Changes to capital assets during the fiscal year ended September 30, 2020, are summarized as follows:

Additions:	
Water system improvements	\$ 1,122,496
Sewer system improvements	<u>4,279,963</u>
Total additions to capital assets	5,402,459
Decreases:	
Decrease in estimated value of developer construction	(1,119,832)
Depreciation	<u>(689,214)</u>
Net change to capital assets	<u>\$ 3,593,413</u>

Debt

Subsequent to the fiscal year ended September 30, 2020, the District issued its Series 2020A unlimited tax bonds in the amount of \$9,035,000 on November 12, 2020.

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bonded debt payable, beginning of fiscal year	\$ 64,145,000
Sale of refunding bonds	5,605,000
Bonds Refunded	(5,275,000)
Bonds paid	<u>(1,260,000)</u>
Bonded debt payable, end of fiscal year	<u>\$ 63,215,000</u>

At September 30, 2020, the District had \$87,415,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District and \$21,700,000 for parks and recreational facilities.

The District issued its Series 2019 Bond Anticipation Note (the “BAN”) in the amount of \$4,033,000 on December 17, 2019. The BAN bears interest at 1.80% and matures on December 16, 2020. This BAN was repaid from the proceeds of the District’s Series 2020A bonds on November 12, 2020.

On June 4, 2020, the District issued \$5,605,000 in Series 2020 unlimited tax refunding bonds to refund \$5,275,000 of outstanding Series 2013 bonds. The net proceeds of \$5,378,251 (after payment of \$243,314 in underwriting fees, insurance and other issuance costs) were used to call and retire the refunded bonds on September 1, 2020. As a result, the refunded bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$660,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$471,000.

The District’s bonds have an underlying rating of BBB- by Standard & Poor’s. The Series 2018 and 2018A bonds have an underlying rating of A3 by Moody’s. The Series 2014 bonds are insured by Mutual Assurance Corp. The Series 2015 unlimited tax bonds, the Series 2015 refunding bonds, Series 2016 unlimited tax bonds, the Series 2017 unlimited tax bonds, the Series 2018A unlimited tax bonds and the Series 2020 refunding bonds are insured by Assured Guaranty Municipal Corp. The Series 2018 refunding bonds are insured by Build America Mutual Assurance Company. The rating of the Series 2011, 2011A and 2013 bonds is BBB- by Standard & Poor’s. The insured rating of the Series 2014, 2015, 2015 refunding bonds, 2016, 2017, 2018 refunding bonds, 2018A and 2020 refunding bonds is AA by Standard & Poor’s. There were no changes in the bond ratings during the fiscal year ended September 30, 2020.

As further described in Note 5 of the notes to the financial statements, developers within the District are constructing certain 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 the approval of the Texas Commission on Environmental Quality. At September 30, 2020, the estimated amount due to developers was \$22,929,514.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District’s tax base increased approximately \$25,840,000 for the 2019 tax year (approximately 5%), due to the addition of new houses and commercial properties to the tax base and increases to the valuations of existing properties.

Relationship to the City of Houston

Utilizing a provision of Texas law, the District and the City of Houston (the “City”) entered into a 30 year Strategic Partnership Agreement (the “Agreement”) effective March 25, 2005 (amended December 20, 2007, December 14, 2009 and May 8, 2012). Under the terms of the Agreement, the City annexed a portion of the District (the “Partial District”) for the limited purpose of imposition of the City’s Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City’s fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property within the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

As further described in the notes to the financial statements, the District has entered into Economic Development Agreements with developers within the District which commits a portion of the Sales and Use Tax revenues collected on the developed properties to the reimbursement of the developers for the construction and related costs of the project improvements.

Water Supply Issues

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. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the “Plan”) to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District’s jurisdiction. Under the Plan, the District was required to have a groundwater reduction plan (“GRP”) approved by the Subsidence District by the beginning date of the District’s permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District’s total water demand. Additional disincentive fees would be imposed under the Plan if the District’s groundwater withdrawal exceeds 70% of the District’s total water demand beginning October 2014, and exceeds 40% of the District’s total water demand beginning January of 2025. The Texas Legislature created the North Fort Bend Water Authority (the “Authority”) and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the Subsidence District’s requirements for conversion from groundwater to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay fees to the Authority, and in turn is entitled to rely upon the Authority’s GRP to achieve compliance with the Subsidence District’s requirements. The Subsidence District approved the Authority’s GRP on August 27, 2008. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. As of September 30, 2020, the Authority had established a pumpage fee of \$3.95 per 1,000 gallons of groundwater pumped and a surface water fee of \$4.30 per 1,000 gallons of surface water purchased both of which are expected to increase in the future.

As of September 30, 2020, the District has been converted to surface water. While the Authority has met its current conversion requirements, in the event the Authority fails to commence and complete construction of additional surface water infrastructure to serve the necessary districts by the 2025 deadline established by the Subsidence District, the District and others within the Authority’s GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers via higher water rates. This disincentive fee would be in addition to the Authority’s fee. The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees through to its customers via higher water rates.

Defined Area

Pursuant to the Chapter 7993 of the Texas Special District Local Laws Code, the District is authorized to establish and administer defined areas as provided by Subchapter J of Chapter 54 of the Texas Water Code to pay for improvements, facilities, or services that primarily benefit that area.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2020

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$1,431,705	\$ 165,139	\$ 4,657,895	\$ 6,254,739	\$	\$ 6,254,739
Temporary investments, at cost, Note 7	3,709,862	3,231,564	592,115	7,533,541		7,533,541
Receivables:						
Property taxes	8,096	24,903		32,999		32,999
Accrued penalty and interest on property taxes				0	12,092	12,092
Service accounts	323,530			323,530		323,530
Other entity's share of construction costs			260,475	260,475		260,475
Maintenance taxes collected not yet transferred from other fund	13,027			13,027	(13,027)	0
Prepaid expenditures	62,800			62,800		62,800
Groundwater bank certificates, at cost, Note 12	13,874			13,874		13,874
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	54,291,187	54,291,187
Depreciable capital assets				0	20,815,355	20,815,355
Total assets	<u>\$5,562,894</u>	<u>\$3,421,606</u>	<u>\$ 5,510,485</u>	<u>\$14,494,985</u>	<u>75,105,607</u>	<u>89,600,592</u>
LIABILITIES						
Accounts payable	\$ 360,832	\$ 1,319	\$	\$ 362,151		362,151
Construction contracts payable	17,524		1,704,591	1,722,115		1,722,115
Due to developer, Note 10	255,278			255,278		255,278
Accrued interest payable					202,005	202,005
Customer and builder deposits	286,259			286,259		286,259
Maintenance taxes collected not yet transferred to other fund		13,027		13,027	(13,027)	0
Long-term liabilities, Note 5:						
Due in one year				0	5,239,421	5,239,421
Due in more than one year				0	83,308,583	83,308,583
Total liabilities	<u>919,893</u>	<u>14,346</u>	<u>1,704,591</u>	<u>2,638,830</u>	<u>88,736,982</u>	<u>91,375,812</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>8,096</u>	<u>24,903</u>	<u>0</u>	<u>32,999</u>	<u>(32,999)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable: Ground water bank certificates, Note 12	13,874			13,874	(13,874)	0
Committed to construction contracts in progress			2,386,730	2,386,730	(2,386,730)	0
Assigned to:						
Debt service		3,382,357		3,382,357	(3,382,357)	0
Capital projects			1,419,164	1,419,164	(1,419,164)	0
Unassigned	<u>4,621,031</u>			<u>4,621,031</u>	<u>(4,621,031)</u>	<u>0</u>
Total fund balances	<u>4,634,905</u>	<u>3,382,357</u>	<u>3,805,894</u>	<u>11,823,156</u>	<u>(11,823,156)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$5,562,894</u>	<u>\$3,421,606</u>	<u>\$ 5,510,485</u>	<u>\$14,494,985</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(9,408,462)	(9,408,462)
Restricted for debt service					3,217,347	3,217,347
Restricted for capital projects					3,805,894	3,805,894
Unrestricted, Note 5					610,001	610,001
Total net position					<u>\$ (1,775,220)</u>	<u>\$ (1,775,220)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 1,303,079	\$ 3,856,340	\$	\$ 5,159,419	\$ (21,941)	\$ 5,137,478
Water service	647,981			647,981		647,981
Sewer service	620,130			620,130		620,130
Surface water fees, Note 11	863,781			863,781		863,781
Penalty, interest and other	55,436	52,260		107,696	(8,190)	99,506
Tap connection and inspection fees	179,195			179,195		179,195
Sales and Use Taxes, Note 10	467,391			467,391		467,391
Accrued interest on bonds received at date of sale		1,382		1,382	(1,382)	0
Interest on deposits and investments	36,674	35,197	55,237	127,108		127,108
Total revenues	<u>4,173,667</u>	<u>3,945,179</u>	<u>55,237</u>	<u>8,174,083</u>	<u>(31,513)</u>	<u>8,142,570</u>
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	384,953	15,620		400,573		400,573
Contracted services	145,615	68,326		213,941		213,941
Utilities	102,430			102,430		102,430
Regional water authority fees, Note 11	841,970			841,970		841,970
Sewer plant lease payments, Note 9	420,800			420,800		420,800
Repairs and maintenance	653,098			653,098		653,098
Other operating expenditures	204,770			204,770		204,770
Garbage disposal	317,599			317,599		317,599
Administrative expenditures	83,173	31,776		114,949		114,949
Depreciation				0	689,214	689,214
Capital outlay / non-capital outlay	179,101		5,291,858	5,470,959	(5,402,459)	68,500
Debt service:						
Principal retirement		1,260,000		1,260,000	(1,260,000)	0
BAN issuance expenditures			90,196	90,196		90,196
Bond issuance expenditures				0	243,314	243,314
Interest and fees		2,450,531		2,450,531	105,084	2,555,615
Total expenditures / expenses	<u>3,333,509</u>	<u>3,826,253</u>	<u>5,382,054</u>	<u>12,541,816</u>	<u>(5,624,847)</u>	<u>6,916,969</u>
Excess (deficiency) of revenues over expenditures	<u>840,158</u>	<u>118,926</u>	<u>(5,326,817)</u>	<u>(4,367,733)</u>	<u>5,593,334</u>	<u>1,225,601</u>
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		5,605,000		5,605,000	(5,605,000)	0
Bond issuance premium, Note 5		25,520		25,520	(25,520)	0
Refunding bond issuance expenditures, Note 5		(243,314)		(243,314)	243,314	0
Payment to refunding escrow agent, Note 5		(5,378,251)		(5,378,251)	5,378,251	0
Bond Anticipation Note proceeds, Note 5			4,033,000	4,033,000	(4,033,000)	0
Reimbursement to (from) other fund	<u>222,566</u>		<u>(222,566)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>222,566</u>	<u>8,955</u>	<u>3,810,434</u>	<u>4,041,955</u>	<u>(4,041,955)</u>	<u>0</u>
Net change in fund balances / net position	1,062,724	127,881	(1,516,383)	(325,778)	1,551,379	1,225,601
Beginning of year	<u>3,572,181</u>	<u>3,254,476</u>	<u>5,322,277</u>	<u>12,148,934</u>	<u>(15,149,755)</u>	<u>(3,000,821)</u>
End of year	<u>\$ 4,634,905</u>	<u>\$ 3,382,357</u>	<u>\$ 3,805,894</u>	<u>\$ 11,823,156</u>	<u>\$ (13,598,376)</u>	<u>\$ (1,775,220)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

NOTE 1: REPORTING ENTITY

Fort Bend County Municipal Utility District No. 50 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective March 18, 1986, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on March 19, 1986 and the first bonds were issued on April 14, 1987. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services, including recycling. The District is empowered to construct parks and recreational facilities for the residents of the District. The District is authorized to construct, acquire, improve, maintain or operate roads located within or outside its boundaries and to define areas or designate certain property of the District ("Defined Areas") to pay for improvements, facilities, or services that primarily benefit that area. The District is also empowered to contract for and employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 11,823,156
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		75,106,542
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (63,215,000)	
Deferred charge on refunding (to be amortized as interest expense)	1,228,350	
Issuance discount, net of premium (to be amortized as interest expense)	401,160	
Bond Anticipation Note payable	(4,033,000)	
Due to developers for construction	<u>(22,929,514)</u>	(88,548,004)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	12,092	
Uncollected property taxes	<u>32,999</u>	45,091
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(202,005)</u>
Net position, end of year		<u>\$ (1,775,220)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ (325,778)
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	\$ 5,402,459	
Depreciation	<u>(689,214)</u>	4,713,245
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued	(5,605,000)	
Bond Anticipation Note issued	(4,033,000)	
Principal reduction	1,260,000	
Payment to escrow agent for refunding	<u>5,378,251</u>	(2,999,749)
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Refunding charges	(108,922)	
Issuance discount, net of premium	<u>(29,987)</u>	(138,909)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	(8,190)	
Uncollected property taxes	<u>(21,941)</u>	(30,131)
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 the funds:		
Accrued interest		<u>6,923</u>
Change in net position		<u>\$ 1,225,601</u>

NOTE 4: CAPITAL ASSETS

At September 30, 2020, "Invested in capital assets, net of related debt" was \$(9,408,462). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 12,528,001	\$	\$	\$ 12,528,001
Detention ponds	9,998,310			9,998,310
Construction in progress	<u>27,623,588</u>	<u>5,383,414</u>	<u>1,242,126</u>	<u>31,764,876</u>
Total capital assets not being depreciated	<u>50,149,899</u>	<u>5,383,414</u>	<u>1,242,126</u>	<u>54,291,187</u>
Depreciable capital assets:				
Water system	6,777,696	72,720		6,850,416
Sewer system	11,329,436	68,619		11,398,055
Drainage system	<u>9,935,737</u>			<u>9,935,737</u>
Total depreciable capital assets	<u>28,042,869</u>	<u>141,339</u>	<u>0</u>	<u>28,184,208</u>
Less accumulated depreciation for:				
Water system	(1,905,578)	(157,160)		(2,062,738)
Sewer system	(2,570,952)	(311,260)		(2,882,212)
Drainage system	<u>(2,203,109)</u>	<u>(220,794)</u>		<u>(2,423,903)</u>
Total accumulated depreciation	<u>(6,679,639)</u>	<u>(689,214)</u>	<u>0</u>	<u>(7,368,853)</u>
Total depreciable capital assets, net	<u>21,363,230</u>	<u>(547,875)</u>	<u>0</u>	<u>20,815,355</u>
Total capital assets, net	<u>\$ 71,513,129</u>	<u>\$ 4,835,539</u>	<u>\$ 1,242,126</u>	<u>\$ 75,106,542</u>
Changes to capital assets:				
Capital outlay		\$ 5,402,459	\$	
Assets transferred to depreciable assets		122,294	122,294	
Decrease in estimated value of developer construction			1,119,832	
Less depreciation expense for the fiscal year		<u>(689,214)</u>		
Net increases / decreases to capital assets		<u>\$ 4,835,539</u>	<u>\$ 1,242,126</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Subsequent to the fiscal year ended September 30, 2020, the District issued its Series 2020A unlimited tax bonds in the amount of \$9,035,000 on November 12, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Long-term liability activity for the fiscal year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 64,145,000	\$ 5,605,000	\$ 6,535,000	\$ 63,215,000	\$ 1,325,000
Bond Anticipation Note payable		4,033,000		4,033,000	4,033,000
Deferred amounts:					
For issuance (discounts) premiums	(431,147)	25,520	(4,467)	(401,160)	(7,969)
For refunding charges	<u>(1,234,021)</u>	<u>(103,251)</u>	<u>(108,922)</u>	<u>(1,228,350)</u>	<u>(110,610)</u>
Total bonds payable	<u>62,479,832</u>	<u>9,560,269</u>	<u>6,421,611</u>	<u>65,618,490</u>	<u>5,239,421</u>
Due to developers for construction (see below)	<u>24,049,346</u>	<u>0</u>	<u>1,119,832</u>	<u>22,929,514</u>	<u>-----</u>
Total due to developers	<u>24,049,346</u>	<u>0</u>	<u>1,119,832</u>	<u>22,929,514</u>	<u>0</u>
Total long-term liabilities	<u>\$ 86,529,178</u>	<u>\$ 9,560,269</u>	<u>\$ 7,541,443</u>	<u>\$ 88,548,004</u>	<u>\$ 5,239,421</u>

Developer Construction Commitments and Liabilities

The developers within the District are constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The District's engineer stated that cost of the construction in progress at September 30, 2020, was \$22,929,514. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

The bond issues payable at September 30, 2020, were as follows:

	<u>Series 2013</u>	<u>Refunding Series 2014</u>	<u>Series 2015</u>
Amounts outstanding, September 30, 2020	\$150,000	\$7,075,000	\$3,600,000
Interest rates	3.00% to 3.10%	3.00% to 4.00%	3.50% to 6.00%
Maturity dates, serially beginning/ending	September 1, 2021/2023	September 1, 2021/2029	September 1, 2021/2043
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2020*	September 1, 2021*	September 1, 2022*

*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Refunding Series 2015</u>	<u>Series 2016</u>	<u>Refunding Series 2017</u>
Amounts outstanding, September 30, 2020	\$11,430,000	\$12,300,000	\$8,730,000
Interest rates	2.25% to 4.00%	4.00% to 6.00%	3.75% to 4.25%
Maturity dates, serially beginning/ending	September 1, 2021/2036	September 1, 2021/2045	September 1, 2021/2038
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2022*	September 1, 2023*	September 1, 2024*
	<u>Refunding Series 2018</u>	<u>Series 2018A</u>	<u>Refunding Series 2020**</u>
Amounts outstanding, September 30, 2020	\$4,380,000	\$10,000,000	\$5,550,000
Interest rates	3.00% to 3.75%	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2021/2039	September 1, 2021/2048	September 1, 2021/2041
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2023*	September 1, 2023*	September 1, 2025*

*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

**On June 4, 2020, the District issued \$5,605,000 in Series 2020 unlimited tax refunding bonds to refund \$5,275,000 of outstanding Series 2013 bonds. The net proceeds of \$5,378,251 (after payment of \$243,314 in underwriting fees, insurance and other issuance costs) were used to call and retire the refunded bonds on September 1, 2020. As a result, the refunded bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$660,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$471,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2020, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,325,000	\$ 2,424,057	\$ 3,749,057
2022	1,380,000	2,382,056	3,762,056
2023	1,420,000	2,338,680	3,758,680
2024	1,465,000	2,283,331	3,748,331
2025	1,540,000	2,227,450	3,767,450
2026 - 2030	8,485,000	10,211,807	18,696,807
2031 - 2035	10,300,000	8,414,896	18,714,896
2036 - 2040	13,215,000	6,195,795	19,410,795
2041 - 2045	15,985,000	3,564,860	19,549,860
2046 - 2050	8,100,000	656,000	8,756,000
	<u>\$ 63,215,000</u>	<u>\$ 40,698,932</u>	<u>\$ 103,913,932</u>

Bonds voted for financing facilities	\$ 25,300,000
Bonds for financing facilities approved for sale and sold	25,300,000
Bonds voted for financing facilities and not issued	0
 Bonds voted for financing facilities and refunding purposes	 131,000,000
Bonds voted for financing facilities and refunding purposes and issued	43,585,000
Bonds voted for financing facilities and refunding purposes and not issued	87,415,000
 Bonds voted for financing parks and recreational facilities	 21,700,000
Bonds voted for financing parks and recreational facilities and issued	0
Bonds voted for financing parks and recreational facilities and not issued	21,700,000
 Refunding bonds voted	 15,180,000.00
Refunding bonds voted and issued	3,803,072.65
Refunding bonds voted and not issued	11,376,927.35

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

NOTE 6: PROPERTY TAXES

The Fort Bend Central Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed, and are not delinquent until after the following January 31. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Resolution requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held May 2, 1992, the voters within the District authorized a maintenance tax not to exceed \$5.75 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On September 10, 2019, the District levied the following ad valorem taxes for the 2019 tax year on the adjusted taxable valuation of \$564,767,105:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.6800	\$ 3,840,416
Maintenance	<u>0.2300</u>	<u>1,298,964</u>
	<u>\$ 0.9100</u>	<u>\$ 5,139,380</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2019 tax year total property tax levy	\$ 5,139,380
Appraisal district adjustments to prior year taxes	<u>(1,902)</u>
Statement of Activities property tax revenues	<u>\$ 5,137,478</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, a money market mutual fund, an authorized private sector investment pool, and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAm by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$6,254,739 and the bank balance was \$6,277,377. Of the bank balance, \$478,496 was covered by federal insurance and \$5,798,881 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$7,533,541.

Deposits and temporary investments restricted by state statutes and the Bond Resolutions:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 165,139
Temporary investments	<u>3,231,564</u>
	<u>\$ 3,396,703</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Projects Fund

For construction of capital assets:

Cash	\$ 4,657,895
Temporary investments	<u>592,115</u>
	<u>\$ 5,250,010</u>

During the fiscal year ended September 30, 2020, the District reimbursed the General Fund \$222,566 from the Capital Projects Fund in accordance with the rules of the Texas Commission on Environmental Quality.

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2020, the District had property damage and boiler and machinery coverage of \$6,354,112, general liability coverage with a per occurrence limit of \$5,000,000 and \$10,000,000 general aggregate, pollution liability coverage of \$2,000,000, automobile liability coverage of \$2,000,000 and statutory worker's compensation coverage with the Texas Municipal League Intergovernmental Risk Pool (the "Pool"). The Pool is a public entity risk pool currently operating as a common risk management and insurance program for various Texas public entities. The District pays annual premiums for its general insurance coverage. The Pool purchases reinsurance for protection against catastrophic losses that exceed the Pool's self-insurance retention. This reinsurance is purchased from companies rated A- or higher by A. M. Best Company. At this date, the District also had consultant's crime coverage of \$500,000 and a tax assessor-collector bond of \$500,000.

NOTE 9: LEASED WASTEWATER TREATMENT PLANT

On November 11, 2003, the District and AUC Group, L.P. entered into an agreement for the lease of a 350,000 gpd Pre-Packaged Sewage Treatment Plant. On May 27, 2007, the District and AUC Group, L.P. entered into an agreement for the lease of an additional 350,000 gpd expansion to the Pre-Packaged Sewage Treatment Plant. The total cost of the combined lease was \$14,260 per month. The term of the additional lease was 48 months, after which the combined lease automatically extended for 30 day periods at a monthly rate of \$11,900 per month. The additional expansion became operational as of January 1, 2009. On September 12, 2017, the District and AUC Group, L.P. entered into an agreement for the lease of additional equipment. The term of the lease will be 24 months commencing on the date the additional equipment is put in service. The additional equipment was put in service on August 1, 2018. Lease costs under these leases were \$442,800 during the fiscal year ended September 30, 2020. At this date, the District had a prepaid lease deposits of \$62,800.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Utilizing a provision of Texas law, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement") effective March 25, 2005 (amended December 20, 2007, December 14, 2009 and May 8, 2012). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property within the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$200,000 (net of the amount due to the developer as described in the following paragraph) plus \$267,391 (from properties not subject to the Economic Development Grants described in the following paragraphs) from the City for the fiscal year ended September 30, 2020.

A developer within the District has constructed certain project improvements on property within the District's boundaries which are economically beneficial to the District. Effective July 16, 2007, the District entered into an Economic Development Agreement (as amended) with the developer to make certain Economic Development Grant payments to the developer to help offset the construction and related engineering costs of the project improvements plus two years of interest. Beginning 2010, these Economic Development Grant payments will be made from the proceeds of Sales and Use Tax revenues collected on that certain property in excess of \$200,000 per calendar year. The total eligible Economic Development Grant payments, subject to the District receiving sufficient Sales and Use Tax revenues from the City, are \$7,780,903. The District's obligation to make Economic Development Grant payments associated with construction and engineering costs terminates after May 15, 2042, regardless of whether the amount of Sales and Use Tax revenue has been sufficient to pay all of the eligible Economic Development Grant amount. The District's obligation to make these annual payments shall cease twenty-eight years from the effective date of the Economic Development Agreement. The District paid the developer \$476,718 for the 2019 calendar year. At September 30, 2020, the Sales and Use Tax revenues for calendar year 2020 in excess of \$200,000 and due to the developer were \$255,278.

A second developer within the District is constructing certain project improvements on property within the District's boundaries which are economically beneficial to the District. Effective May 24, 2010, the District entered into an Economic Development Agreement with the developer to make certain Economic Development Grant payments to the developer for the construction and related engineering costs of the project improvements plus two years of interest. These Economic Development Grant payments will be from the proceeds of Sales and Use Tax revenues collected on that certain property in annual payments beginning May 1 in the year after the first year in which sales tax receipts are collected on the property. The annual Economic Development Grant payments shall equal 50% of the Sales and Use Tax revenues collected on that certain property. The Economic Development Agreement estimates the total Economic Development Grant to be \$914,000. The District's obligation to make these annual payments shall cease twelve years from the effective date of the Economic Development Agreement. For the fiscal year ended September 30, 2020, no Sales and Use Tax revenues were collected on that certain property.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

A third developer within the District is constructing certain project improvements on property within the District's boundaries which are economically beneficial to the District. Effective October 8, 2019, the District entered into an Economic Development Agreement with the developer and the North Fort Bend Redevelopment Authority (the "Authority") to make certain Economic Development Grant payments to the Authority on behalf of the developer for the construction and related engineering costs of the project improvements plus interest at the rate permitted under the rules established by the Texas Commission on Environmental Quality (the "Grant Amount"). These Economic Development Grant payments will be from the proceeds of Sales and Use Tax revenues collected on that certain property in annual payments beginning May 15, 2020. The District shall not make the first Economic Development Grant payment until the developer builds 100,000 square feet of sales tax producing project improvements. The annual Economic Development Grant payments shall equal 50% of the Sales and Use Tax revenues collected on that certain property. The Grant Amount is not to exceed \$10,000,000. The District's obligation to make these annual payments shall continue until the earlier of: (i) when the District has paid the entire Grant Amount; or (ii) May 15, 2042. For the fiscal year ended September 30, 2020, no Sales and Use Tax revenues were collected on that certain property.

NOTE 11: REGIONAL WATER AUTHORITY

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. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the "Plan") to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District was required to have a groundwater reduction plan ("GRP") approved by the Subsidence District by the beginning date of the District's permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees would be imposed under the Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning October 1, 2014, and exceeds 40% of the District's total water demand beginning January of 2025.

The Texas Legislature created the North Fort Bend Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the Subsidence District's requirements for conversion from groundwater to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the Subsidence District's requirements. The Subsidence District approved the Authority's GRP on August 27, 2008. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. As of September 30, 2020, the Authority had established a fee of \$3.95 per 1,000 gallons of groundwater pumped and a surface water fee of \$4.30 per 1,000 gallons of surface water purchased both of which are expected to increase in the future. The surface water fees payable by the District to the Authority for the fiscal year ended September 30, 2020, were \$841,971. The District billed its customers \$863,781 during the fiscal year to pay for the fees charged by the Authority.

As of September 30, 2020, the District has been converted to surface water. While the Authority has met its current conversion requirements, in the event the Authority fails to commence and complete construction of additional surface water infrastructure to serve the necessary districts by the 2025 deadline established by the Subsidence District, the District and others within the Authority's GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers via higher water rates. This disincentive fee would be in addition to the Authority's fee. The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees through to its customers via higher water rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12: GROUNDWATER BANK CERTIFICATES

The District has received Groundwater Bank certificates directly from the issuer, the Fort Bend Subsidence District (the "FBSD"). These certificates expire in 20 years and allow the bearer to pump the quantity of water specified on the certificate from wells instead of using surface water as mandated by the FBSD. Certificates can also be used in lieu of a disincentive fee assessed by the FBSD for ground water pumpage in excess of the District's permit as amended. At September 30, 2020, the District had in its possession certificates totaling 32,256 thousand gallons of water. The District values the certificates at cost which resulted in a total cost basis for the certificates on hand of \$13,874 at September 30, 2020.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 1,290,957	\$ 1,290,957	\$ 1,303,079	\$ 12,122
Water service	630,000	630,000	647,981	17,981
Sewer service	630,000	630,000	620,130	(9,870)
Surface water fees	750,000	750,000	863,781	113,781
Penalty and other	71,500	71,500	55,436	(16,064)
Tap connection and inspection fees	103,000	103,000	179,195	76,195
Sales and Use Taxes	446,000	446,000	467,391	21,391
Interest on deposits and investments	80,000	80,000	36,674	(43,326)
TOTAL REVENUES	<u>4,001,457</u>	<u>4,001,457</u>	<u>4,173,667</u>	<u>172,210</u>
EXPENDITURES				
Service operations:				
Professional fees	590,000	590,000	384,953	(205,047)
Contracted services	152,000	152,000	145,615	(6,385)
Utilities	95,000	95,000	102,430	7,430
Regional water authority fees	750,000	750,000	841,970	91,970
Sewer plant lease payments	442,800	442,800	420,800	(22,000)
Repairs and maintenance	745,000	745,000	653,098	(91,902)
Other operating expenditures	235,000	235,000	204,770	(30,230)
Garbage disposal	324,000	324,000	317,599	(6,401)
Administrative expenditures	121,500	121,500	83,173	(38,327)
Capital outlay	125,000	125,000	179,101	54,101
TOTAL EXPENDITURES	<u>3,580,300</u>	<u>3,580,300</u>	<u>3,333,509</u>	<u>(246,791)</u>
EXCESS REVENUES (EXPENDITURES)	<u>421,157</u>	<u>421,157</u>	<u>840,158</u>	<u>419,001</u>
OTHER FINANCING SOURCES (USES)				
Reimbursement from other fund	<u>0</u>	<u>0</u>	<u>222,566</u>	<u>222,566</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>222,566</u>	<u>222,566</u>
CHANGE IN FUND BALANCE	<u>421,157</u>	<u>421,157</u>	<u>1,062,724</u>	<u>641,567</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,572,181</u>	<u>3,572,181</u>	<u>3,572,181</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,993,338</u>	<u>\$ 3,993,338</u>	<u>\$ 4,634,905</u>	<u>\$ 641,567</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SEPTEMBER 30, 2020

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2020

1. Services Provided by the District during the Fiscal Year:

<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 type="checkbox"/> Parks/Recreation	<input 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):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$23.00	0 to 10,000	N	\$1.50 2.00 3.00 4.00	10,001 to 15,000 15,001 to 20,000 20,001 to 50,000 Over 50,000
WASTEWATER:	\$34.00	0	Y	Not Applicable	Not Applicable
SURCHARGE:	\$4.73 per 1,000 gallons of water used. – NFBWA surface water fees.				

District employs winter averaging for wastewater usage: Yes ☐ No ☒

Total charges per 10,000 gallons usage: Water: \$23.00 Wastewater: \$34.00 Surcharge: \$47.30

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2020

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,494	1,482	1.0	1,482
1"	23	23	2.5	58
1-1/2"	12	12	5.0	60
2"	68	67	8.0	536
3"	3	3	15.0	45
4"	2	2	25.0	50
6"	7	7	50.0	350
8"	4	4	80.0	320
10"	1	1	115.0	115
Total Water	<u>1,614</u>	<u>1,601</u>		<u>3,016</u>
Total Wastewater	<u>1,538</u>	<u>1,525</u>	1.0	<u>1,525</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 200,600
 Gallons billed to customers (unaudited): 190,844

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 95%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 11,700	\$	\$	\$ 11,700
Legal	177,519	15,620		193,139
Engineering	195,734			195,734
	<u>384,953</u>	<u>15,620</u>	<u>0</u>	<u>400,573</u>
Contracted services:				
Bookkeeping	23,404			23,404
Operation and billing	119,211			119,211
SPA inspections	3,000			3,000
Tax assessor-collector		29,562		29,562
Central appraisal district		38,764		38,764
	<u>145,615</u>	<u>68,326</u>	<u>0</u>	<u>213,941</u>
Utilities	<u>102,430</u>	<u>0</u>	<u>0</u>	<u>102,430</u>
Regional water authority fees:				
Ground water pumpage fees	58,294			58,294
Purchased surface water	783,676			783,676
	<u>841,970</u>	<u>0</u>	<u>0</u>	<u>841,970</u>
Sewer plant lease payments	<u>420,800</u>	<u>0</u>	<u>0</u>	<u>420,800</u>
Repairs and maintenance	<u>653,098</u>	<u>0</u>	<u>0</u>	<u>653,098</u>
Other operating expenditures:				
Sludge hauling	63,018			63,018
Chemicals	51,389			51,389
Laboratory costs	32,962			32,962
Sewer inspection costs	30,722			30,722
TCEQ assessment	6,512			6,512
Other	20,167			20,167
	<u>204,770</u>	<u>0</u>	<u>0</u>	<u>204,770</u>
Garbage disposal	<u>317,599</u>	<u>0</u>	<u>0</u>	<u>317,599</u>
Administrative expenditures:				
Director's fees	16,350			16,350
Office supplies and postage	22,463			22,463
Insurance	18,995	2,923		21,918
Permit fees	14,300			14,300
Other	11,065	28,853		39,918
	<u>83,173</u>	<u>31,776</u>	<u>0</u>	<u>114,949</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

EXPENDITURES (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY				
Authorized expenditures	\$ 110,601	\$	\$ 5,291,858	\$ 5,402,459
Tap connection costs	68,500			68,500
	<u>179,101</u>	<u>0</u>	<u>5,291,858</u>	<u>5,470,959</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>1,260,000</u>	<u>0</u>	<u>1,260,000</u>
BAN issuance expenditures	<u>0</u>	<u>0</u>	<u>90,196</u>	<u>90,196</u>
Interest and fees:				
Interest		2,444,031		2,444,031
Paying agent fees		6,500		6,500
	<u>0</u>	<u>2,450,531</u>	<u>0</u>	<u>2,450,531</u>
TOTAL EXPENDITURES	<u>\$ 3,333,509</u>	<u>\$ 3,826,253</u>	<u>\$ 5,382,054</u>	<u>\$ 12,541,816</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENT				
Cash receipts from revenues excluding maintenance taxes	\$ 2,909,533	\$ 3,945,179	\$ 55,237	\$ 6,909,949
Maintenance tax receipts		1,303,079		1,303,079
Transfer of maintenance taxes	1,302,964			1,302,964
Proceeds from sale of bonds		5,630,520		5,630,520
Proceeds from Bond Anticipation Note			4,033,000	4,033,000
Developer construction advances			5,467,982	5,467,982
Reimbursement from other fund	222,566	10,932		233,498
Sales and Use Taxes collected to be paid to developer in accordance with Economic Development Agreement	255,278			255,278
Overpayments from taxpayers		29,517		29,517
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>4,690,341</u>	<u>10,919,227</u>	<u>9,556,219</u>	<u>25,165,787</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	3,087,553	106,361		3,193,914
Capital outlay	178,514		3,922,858	4,101,372
Debt service		3,710,531	90,196	3,800,727
Payment to refunding escrow agent		5,378,251		5,378,251
Refunding bond issuance expenditures		243,314		243,314
Payment to developer in accordance with Economic Development Agreement	476,718			476,718
Payments from developer construction advances			6,476,480	6,476,480
Reimbursement to other fund	10,932		222,566	233,498
Transfer of maintenance taxes		1,302,964		1,302,964
Decrease in customer and other deposits	58,761			58,761
Refund of taxpayer overpayments		32,330		32,330
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>3,812,478</u>	<u>10,773,751</u>	<u>10,712,100</u>	<u>25,298,329</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	877,863	145,476	(1,155,881)	(132,542)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>4,263,704</u>	<u>3,251,227</u>	<u>6,405,891</u>	<u>13,920,822</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 5,141,567</u>	<u>\$ 3,396,703</u>	<u>\$ 5,250,010</u>	<u>\$ 13,788,280</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

SCHEDULE OF TEMPORARY INVESTMENTS

SEPTEMBER 30, 2020

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 4497888500001	Market	On demand	\$ 2,450,076	\$ 0
No. 4497888500005	Market	On demand	<u>1,259,786</u>	<u>0</u>
			<u>\$ 3,709,862</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
TexPool				
No. 4497888500002	Market	On demand	\$ 2,791,226	\$ 0
No. 4497888500003	Market	On demand	<u>440,338</u>	<u>0</u>
			<u>\$ 3,231,564</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 4497888500004	Market	On demand	<u>\$ 592,115</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 7,533,541</u>	<u>\$ 0</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 12,665	\$ 42,275
Additions and corrections to prior year taxes	<u>(454)</u>	<u>(1,448)</u>
Adjusted receivable, beginning of year	12,211	40,827
2019 ADJUSTED TAX ROLL	<u>1,298,964</u>	<u>3,840,416</u>
Total to be accounted for	1,311,175	3,881,243
Tax collections: Current tax year	(1,294,709)	(3,827,837)
Prior tax years	<u>(8,370)</u>	<u>(28,503)</u>
RECEIVABLE, END OF YEAR	<u>\$ 8,096</u>	<u>\$ 24,903</u>
RECEIVABLE, BY TAX YEAR		
2009 and prior	\$ 187	\$ 804
2010	75	323
2011	63	341
2012	65	328
2013	65	328
2014	65	328
2015	86	307
2016	495	1,465
2017	807	2,386
2018	1,933	5,714
2019	<u>4,255</u>	<u>12,579</u>
RECEIVABLE, END OF YEAR	<u>\$ 8,096</u>	<u>\$ 24,903</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADJUSTED PROPERTY VALUATIONS
AS OF JANUARY 1 OF TAX YEAR

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 163,407,169	\$ 154,664,030	\$ 135,320,320	\$ 123,194,190
Improvements	369,276,697	357,312,650	340,016,252	319,658,224
Personal property	40,945,900	37,768,577	36,993,959	36,694,380
Less exemptions	<u>(8,862,661)</u>	<u>(10,815,515)</u>	<u>(10,849,386)</u>	<u>(9,080,298)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 564,767,105</u>	 <u>\$ 538,929,742</u>	 <u>\$ 501,481,145</u>	 <u>\$ 470,466,496</u>

TAX RATES PER \$100 VALUATION

Debt service tax rates	\$ 0.68000	\$ 0.68000	\$ 0.68000	\$ 0.68000
Maintenance tax rates*	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.91000</u>	 <u>\$ 0.91000</u>	 <u>\$ 0.91000</u>	 <u>\$ 0.91000</u>

TAX ROLLS	<u>\$ 5,139,380</u>	<u>\$ 4,904,260</u>	<u>\$ 4,563,478</u>	<u>\$ 4,281,245</u>
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PERCENT OF TAXES COLLECTED
TO TAXES LEVIED

<u>99.7 %</u>	<u>99.8 %</u>	<u>99.9 %</u>	<u>99.9 %</u>
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*Maximum tax rate approved by voters on May 2, 1992: \$5.75

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

SEPTEMBER 30, 2020

<u>Series 2013</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 50,000	\$ 4,550	\$ 54,550
2022	50,000	3,050	53,050
2023	<u>50,000</u>	<u>1,550</u>	<u>51,550</u>
TOTALS	<u>\$ 150,000</u>	<u>\$ 9,150</u>	<u>\$ 159,150</u>

<u>Series 2014</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 435,000	\$ 274,150	\$ 709,150
2022	450,000	261,100	711,100
2023	775,000	247,600	1,022,600
2024	805,000	216,600	1,021,600
2025	845,000	184,400	1,029,400
2026	875,000	150,600	1,025,600
2027	920,000	115,600	1,035,600
2028	960,000	78,800	1,038,800
2029	<u>1,010,000</u>	<u>40,400</u>	<u>1,050,400</u>
TOTALS	<u>\$ 7,075,000</u>	<u>\$ 1,569,250</u>	<u>\$ 8,644,250</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 25,000	\$ 142,594	\$ 167,594
2022	25,000	141,094	166,094
2023	25,000	139,594	164,594
2024	25,000	138,094	163,094
2025	25,000	136,594	161,594
2026	25,000	135,094	160,094
2027	25,000	133,594	158,594
2028	25,000	132,718	157,718
2029	25,000	131,844	156,844
2030	25,000	130,968	155,968
2031	25,000	130,094	155,094
2032	25,000	129,094	154,094
2033	25,000	128,094	153,094
2034	25,000	127,094	152,094
2035	25,000	126,094	151,094
2036	25,000	125,094	150,094
2037	25,000	124,094	149,094
2038	25,000	123,094	148,094
2039	25,000	122,094	147,094
2040	25,000	121,094	146,094
2041	25,000	120,124	145,124
2042	1,500,000	119,156	1,619,156
2043	1,575,000	61,030	1,636,030
TOTALS	<u>\$ 3,600,000</u>	<u>\$ 2,918,438</u>	<u>\$ 6,518,438</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2015 Refunding</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 380,000	\$ 435,088	\$ 815,088
2022	390,000	426,538	816,538
2023	100,000	417,762	517,762
2024	100,000	414,762	514,762
2025	105,000	411,762	516,762
2026	105,000	408,612	513,612
2027	110,000	405,462	515,462
2028	115,000	401,612	516,612
2029	120,000	397,588	517,588
2030	1,245,000	393,088	1,638,088
2031	1,295,000	346,400	1,641,400
2032	1,350,000	294,600	1,644,600
2033	1,410,000	240,600	1,650,600
2034	1,470,000	184,200	1,654,200
2035	1,535,000	125,400	1,660,400
2036	<u>1,600,000</u>	<u>64,000</u>	<u>1,664,000</u>
TOTALS	<u>\$ 11,430,000</u>	<u>\$ 5,367,474</u>	<u>\$ 16,797,474</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	Series 2016		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 100,000	\$ 507,000	\$ 607,000
2022	100,000	501,000	601,000
2023	100,000	495,000	595,000
2024	100,000	489,000	589,000
2025	100,000	484,000	584,000
2026	100,000	479,000	579,000
2027	100,000	474,000	574,000
2028	100,000	469,000	569,000
2029	100,000	464,000	564,000
2030	100,000	459,000	559,000
2031	100,000	454,000	554,000
2032	100,000	449,000	549,000
2033	100,000	444,000	544,000
2034	100,000	440,000	540,000
2035	100,000	436,000	536,000
2036	100,000	432,000	532,000
2037		428,000	428,000
2038		428,000	428,000
2039		428,000	428,000
2040	525,000	428,000	953,000
2041	525,000	407,000	932,000
2042	1,475,000	386,000	1,861,000
2043	1,525,000	327,000	1,852,000
2044	3,250,000	266,000	3,516,000
2045	3,400,000	136,000	3,536,000
TOTALS	<u>\$ 12,300,000</u>	<u>\$ 10,710,000</u>	<u>\$ 23,010,000</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2017</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 200,000	\$ 350,250	\$ 550,250
2022	205,000	342,250	547,250
2023	210,000	334,050	544,050
2024	225,000	325,650	550,650
2025	230,000	316,650	546,650
2026	240,000	307,450	547,450
2027	245,000	297,850	542,850
2028	255,000	288,050	543,050
2029	255,000	277,850	532,850
2030	255,000	267,650	522,650
2031	260,000	257,450	517,450
2032	265,000	247,050	512,050
2033	270,000	236,450	506,450
2034	280,000	225,650	505,650
2035	280,000	214,450	494,450
2036	285,000	203,250	488,250
2037	2,175,000	191,850	2,366,850
2038	2,595,000	110,288	2,705,288
TOTALS	<u>\$ 8,730,000</u>	<u>\$ 4,794,138</u>	<u>\$ 13,524,138</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2018</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 70,000	\$ 158,113	\$ 228,113
2022	70,000	156,012	226,012
2023	70,000	153,912	223,912
2024	70,000	151,813	221,813
2025	95,000	149,712	244,712
2026	90,000	146,863	236,863
2027	90,000	144,163	234,163
2028	90,000	141,350	231,350
2029	90,000	138,538	228,538
2030	90,000	135,500	225,500
2031	115,000	132,462	247,462
2032	115,000	128,438	243,438
2033	110,000	124,412	234,412
2034	110,000	120,424	230,424
2035	110,000	116,438	226,438
2036	110,000	112,312	222,312
2037	110,000	108,188	218,188
2038	10,000	104,062	114,062
2039	<u>2,765,000</u>	<u>103,688</u>	<u>2,868,688</u>
TOTALS	<u>\$ 4,380,000</u>	<u>\$ 2,526,400</u>	<u>\$ 6,906,400</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	Series 2018A		
	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 50,000	\$ 387,562	\$ 437,562
2022	75,000	386,562	461,562
2023	75,000	385,062	460,062
2024	75,000	383,562	458,562
2025	75,000	381,782	456,782
2026	75,000	380,000	455,000
2027	75,000	377,938	452,938
2028	75,000	375,874	450,874
2029	75,000	373,626	448,626
2030	75,000	371,375	446,375
2031	75,000	368,938	443,938
2032	75,000	366,500	441,500
2033	75,000	363,876	438,876
2034	75,000	361,250	436,250
2035	75,000	358,438	433,438
2036	75,000	355,625	430,625
2037	75,000	352,812	427,812
2038	75,000	350,000	425,000
2039	75,000	347,000	422,000
2040	75,000	344,000	419,000
2041	75,000	341,000	416,000
2042	75,000	338,000	413,000
2043	75,000	335,000	410,000
2044	100,000	332,000	432,000
2045	100,000	328,000	428,000
2046	2,600,000	324,000	2,924,000
2047	2,700,000	220,000	2,920,000
2048	2,800,000	112,000	2,912,000
TOTALS	<u>\$ 10,000,000</u>	<u>\$ 9,701,782</u>	<u>\$ 19,701,782</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2020

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2020</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 15,000	\$ 164,750	\$ 179,750
2022	15,000	164,450	179,450
2023	15,000	164,150	179,150
2024	65,000	163,850	228,850
2025	65,000	162,550	227,550
2026	65,000	161,250	226,250
2027	65,000	159,300	224,300
2028	65,000	157,350	222,350
2029	65,000	155,400	220,400
2030	65,000	153,450	218,450
2031	65,000	151,500	216,500
2032	65,000	149,550	214,550
2033	65,000	147,600	212,600
2034	65,000	145,650	210,650
2035	65,000	143,700	208,700
2036	65,000	141,750	206,750
2037	65,000	139,800	204,800
2038	65,000	137,850	202,850
2039	65,000	135,900	200,900
2040	2,180,000	133,950	2,313,950
2041	2,285,000	68,550	2,353,550
TOTALS	<u>\$ 5,550,000</u>	<u>\$ 3,102,300</u>	<u>\$ 8,652,300</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total
2021	\$ 1,325,000	\$ 2,424,057	\$ 3,749,057
2022	1,380,000	2,382,056	3,762,056
2023	1,420,000	2,338,680	3,758,680
2024	1,465,000	2,283,331	3,748,331
2025	1,540,000	2,227,450	3,767,450
2026	1,575,000	2,168,869	3,743,869
2027	1,630,000	2,107,907	3,737,907
2028	1,685,000	2,044,754	3,729,754
2029	1,740,000	1,979,246	3,719,246
2030	1,855,000	1,911,031	3,766,031
2031	1,935,000	1,840,844	3,775,844
2032	1,995,000	1,764,232	3,759,232
2033	2,055,000	1,685,032	3,740,032
2034	2,125,000	1,604,268	3,729,268
2035	2,190,000	1,520,520	3,710,520
2036	2,260,000	1,434,031	3,694,031
2037	2,450,000	1,344,744	3,794,744
2038	2,770,000	1,253,294	4,023,294
2039	2,930,000	1,136,682	4,066,682
2040	2,805,000	1,027,044	3,832,044
2041	2,910,000	936,674	3,846,674
2042	3,050,000	843,156	3,893,156
2043	3,175,000	723,030	3,898,030
2044	3,350,000	598,000	3,948,000
2045	3,500,000	464,000	3,964,000
2046	2,600,000	324,000	2,924,000
2047	2,700,000	220,000	2,920,000
2048	2,800,000	112,000	2,912,000
TOTALS	<u>\$ 63,215,000</u>	<u>\$ 40,698,932</u>	<u>\$ 103,913,932</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2011	2011A	2013	2014
Interest Rate:	Not Applicable	Not Applicable	3.00% to 3.10%	3.00% to 4.00%
Dates Interest Payable:	Not Applicable	Not Applicable	March 1/ September 1	March 1/ September 1
Maturity Dates:	Not Applicable	Not Applicable	September 1, 2021/2023	September 1, 2021/2029
Bonds Outstanding at Beginning of Current Year	\$ 150,000	\$ 50,000	\$ 5,450,000	\$ 7,495,000
Less Retirements	<u>(150,000)</u>	<u>(50,000)</u>	<u>(5,300,000)</u>	<u>(420,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 7,075,000</u>
Current Year Interest Paid	<u>\$ 6,375</u>	<u>\$ 1,875</u>	<u>\$ 109,863</u>	<u>\$ 286,750</u>

Bond Descriptions and Original Amount of Issue

- (1) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2011 (\$6,630,000)
- (2) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2011A (\$7,000,000)
- (3) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2013 (\$5,600,000)
- (4) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2014 (\$9,220,000)

Paying Agent/Registrar

- (1) (2) (3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>
Bond Series:	2015	2015 Ref.	2016	2017 Ref.
Interest Rate:	3.50% to 6.00%	2.25% to 4.00%	4.00% to 6.00%	3.75% to 4.25%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2021/2043	September 1, 2021/2036	September 1, 2021/2045	September 1, 2021/2038
Bonds Outstanding at Beginning of Current Year	\$ 3,625,000	\$ 11,800,000	\$ 12,400,000	\$ 8,775,000
Less Retirements	<u>(25,000)</u>	<u>(370,000)</u>	<u>(100,000)</u>	<u>(45,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,600,000</u>	<u>\$ 11,430,000</u>	<u>\$ 12,300,000</u>	<u>\$ 8,730,000</u>
Current Year Interest Paid	<u>\$ 144,094</u>	<u>\$ 442,488</u>	<u>\$ 513,000</u>	<u>\$ 352,050</u>

Bond Descriptions and Original Amount of Issue

- (5) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2015 (\$3,700,000)
- (6) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2015 (\$12,765,000)
- (7) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2016 (\$12,500,000)
- (8) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2017 (\$8,855,000)

Paying Agent/Registrar

- (5) (6) (7) (8) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds*</u>	<u>Other Bonds</u>	<u>Refunding Bonds*</u>
Amount Authorized by Voters:	\$ 156,300,000	\$ 21,700,000	\$ 15,180,000.00
Amount Issued:	68,885,000	0	3,803,072.65
Remaining to be Issued:	87,415,000	21,700,000	11,376,927.35

*See Note 5 of the notes to financial statements for additional information.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>Totals</u>
Bond Series:	2018 Ref.	2018A	2020 Ref.	
Interest Rate:	3.00% to 3.75%	2.00% to 4.00%	2.00% to 3.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2021/2039	September 1, 2021/2048	September 1, 2021/2041	
Bonds Outstanding at Beginning of Current Year	\$ 4,400,000	\$ 10,000,000	\$ 0	\$ 64,145,000
Add Bonds Sold			5,605,000	5,605,000
Less Retirements	<u>(20,000)</u>	<u>0</u>	<u>(55,000)</u>	<u>(6,535,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 4,380,000</u>	<u>\$ 10,000,000</u>	<u>\$ 5,550,000</u>	<u>\$ 63,215,000</u>
Current Year Interest Paid	<u>\$ 158,513</u>	<u>\$ 387,561</u>	<u>\$ 41,462</u>	<u>\$ 2,444,031</u>

Bond Descriptions and Original Amount of Issue

- (9) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2018 (\$4,150,000)
- (10) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2018A (\$10,000,000)
- (11) Fort Bend County Municipal Utility District No. 50 Unlimited Tax Refunding Bonds, Series 2020 (\$5,605,000)

Paying Agent/Registrar

- (9) (10) (11) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of September 30, 2020:	\$3,382,357
Average annual debt service payment for remaining term of all debt:	3,711,212

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
REVENUES										
Property taxes	\$ 1,303,079	\$ 1,239,368	\$ 1,150,135	\$ 1,080,543	\$ 871,874	31.2 %	30.5 %	29.3 %	31.0 %	25.8 %
Water service	647,981	661,363	664,076	627,512	562,641	15.5	16.2	16.9	18.0	16.7
Sewer service	620,130	651,111	615,903	611,394	600,403	14.9	16.0	15.7	17.6	17.8
Surface water fees	863,781	748,041	747,088	645,722	618,609	20.7	18.4	19.0	18.6	18.3
Penalty and other	55,436	75,223	78,873	83,995	85,396	1.3	1.8	2.0	2.4	2.5
Tap connection and inspection fees	179,195	158,214	219,157	92,925	314,909	4.3	3.9	5.6	2.7	9.3
Sales and Use Taxes	467,391	451,147	402,099	324,995	322,073	11.2	11.1	10.2	9.3	9.5
Interest on deposits and investments	36,674	86,478	51,658	12,604	2,892	0.9	2.1	1.3	0.4	0.1
TOTAL REVENUES	4,173,667	4,070,945	3,928,989	3,479,690	3,378,797	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	384,953	399,094	340,265	662,593	475,516	9.2	9.8	8.7	19.1	14.1
Contracted services	145,615	153,051	148,608	133,235	117,233	3.5	3.8	3.8	3.8	3.5
Utilities	102,430	93,149	93,818	89,539	98,853	2.5	2.3	2.4	2.6	2.9
Regional water authority fees	841,970	725,136	703,782	612,639	587,602	20.2	17.8	17.9	17.6	17.3
Sewer plant lease payments	420,800	442,800	188,080	142,800	142,800	10.1	10.9	4.8	4.1	4.2
Repairs and maintenance	653,098	930,760	546,130	558,221	560,549	15.6	22.8	13.9	16.1	16.6
Other operating expenditures	204,770	277,438	221,241	178,239	165,726	4.9	6.8	5.6	5.1	4.9
Garbage disposal	317,599	283,093	261,748	248,614	241,769	7.6	7.0	6.7	7.1	7.2
Administrative expenditures	83,173	87,261	99,423	92,556	117,272	2.0	2.1	2.5	2.7	3.5
Capital outlay	179,101	460,755	770,079	77,964	371,875	4.3	11.3	19.6	2.2	11.0
TOTAL EXPENDITURES	3,333,509	3,852,537	3,373,174	2,796,400	2,879,195	79.9	94.6	85.9	80.4	85.2
EXCESS REVENUES (EXPENDITURES)	\$ 840,158	\$ 218,408	\$ 555,815	\$ 683,290	\$ 499,602	20.1 %	5.4 %	14.1 %	19.6 %	14.8 %

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES			
	2020	2019	2018	2017	2016	2020	2019	2018	2017
REVENUES									
Property taxes	\$ 3,856,340	\$ 3,665,599	\$ 3,398,778	\$ 3,197,420	\$ 3,098,497	97.8 %	95.5 %	96.8 %	97.2 %
Penalty and interest	52,260	64,603	42,941	33,885	24,486	1.3	1.7	1.2	1.0
Accrued interest on bonds received at date of sale	1,382	5,383	5,735	28,078	0	0.0	0.1	0.2	0.9
Interest and other	35,197	102,607	63,005	27,992	10,995	0.9	2.7	1.8	0.9
TOTAL REVENUES	<u>3,945,179</u>	<u>3,838,192</u>	<u>3,510,459</u>	<u>3,287,375</u>	<u>3,133,978</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES									
Current:									
Professional fees	15,620	17,255	11,325	10,970	5,168	0.4	0.4	0.3	0.3
Contracted services	68,326	65,160	60,202	54,839	51,479	1.7	1.7	1.7	1.6
Other expenditures	31,776	5,016	14,694	7,493	5,703	0.8	0.1	0.4	0.3
Debt service:									
Principal retirement	1,260,000	1,165,000	995,000	930,000	875,000	31.9	30.4	28.3	28.3
Refunding contribution	0	0	65,068	0	0	0.0	0.0	1.9	0.0
Interest and fees	2,450,531	2,473,796	2,135,666	2,189,168	1,989,921	62.2	64.5	60.9	66.6
TOTAL EXPENDITURES	<u>3,826,253</u>	<u>3,726,227</u>	<u>3,281,955</u>	<u>3,192,470</u>	<u>2,927,271</u>	<u>97.0</u>	<u>97.1</u>	<u>93.5</u>	<u>97.2</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 118,926</u>	<u>\$ 111,965</u>	<u>\$ 228,504</u>	<u>\$ 94,905</u>	<u>\$ 206,707</u>	<u>3.0 %</u>	<u>2.9 %</u>	<u>6.5 %</u>	<u>2.8 %</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2020

Complete District Mailing Address: Fort Bend County Municipal Utility District No. 50
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

District Business Telephone No.: 713-860-6400

Submission date of the most recent District Registration Form: December 8, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Craig Lewis c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	Elected 5/02/20- 5/04/24	\$ 6,150	\$ 1,456	President
Leon Bridges c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	Elected 5/05/18- 5/07/22	3,750	1,090	Vice President
Peter Lajoie c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	Elected 5/02/20- 5/04/24	2,550	931	Secretary
Reginald Stubblefield c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	Elected 5/05/18- 5/07/22	750	35	Assistant Secretary
Jerry Slatton c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	Elected 5/05/18- 5/03/20*	3,150	1,270	Director

*Four directors at September 30, 2020.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2020

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	7/27/03	\$ 177,519 102,274 Bonds	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	4/16/02	15,620	Delinquent Tax Attorney
District Data Services, Inc. 9575 Katy freeway, Suite 390 Houston, Texas 77024	3/19/86	23,404 2,000 Bonds	Bookkeeper
Wendy Austin/Stephanie Viator 9575 Katy freeway, Suite 390 Houston, Texas 77024	10/10/06	0	Investment Officers
Municipal District Services, L.L.C. 406 West Grand Parkway South, Suite 260 Katy, Texas 77494	6/1/12	611,704	Operator
R. G. Miller Engineers, Inc. 16340 Park Ten Place, Suite 350 Houston, Texas 77084	5/29/02	453,721	Engineer
Tax Tech, Inc. 12841 Capricorn Drive Stafford, Texas 77477	1/08/08	36,338 1,500 Bonds	Tax Assessor- Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Rosenberg, Texas 77471	Legislative Action	38,764	Central Appraisal District
Rathmann & Associates, L.P. 8584 Katy Freeway, Suite 250 Houston, Texas 77024	6/05/03	111,893 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950 1,400 Bonds	Independent Auditor

See accompanying independent auditor's report.

SPECIMEN OF 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

