

OFFICIAL STATEMENT DATED MAY 3, 2021

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

THE BONDS HAVE BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS.”

NEW ISSUE-Book-Entry Only

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

\$3,420,000

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 121
 (A political subdivision of the State of Texas located within Fort Bend County)
 UNLIMITED TAX REFUNDING BONDS
 SERIES 2021**

Dated: June 1, 2021

Due: March 1, as shown below

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

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



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

MATURITY SCHEDULE

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2022	\$ 470,000	3.00 %	0.33 %	34681R UD5	2028	\$ 260,000 (c)	2.00 %	1.23 %	34681R UK9
2023	215,000	3.00	0.40	34681R UE3	2029	260,000 (c)	2.00	1.36	34681R UL7
2024	225,000	3.00	0.54	34681R UF0	2030	270,000 (c)	2.00	1.50	34681R UM5
2025	230,000	3.00	0.71	34681R UG8	2031	280,000 (c)	2.00	1.58	34681R UN3
2026	240,000	3.00	0.88	34681R UH6	2032	290,000 (c)	2.00	1.67	34681R UP8
2027	245,000 (c)	2.00	1.10	34681R UJ2					

\$435,000 Term Bonds due March 1, 2034 (c), 34681R UR4 (b), 2.00% Interest Rate, 1.82% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from June 1, 2021, is to be added to the price.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on and after March 1, 2027, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on March 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Municipal Utility District No. 121 (the “District”) and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any entity other than the District. The Bonds are subject to special investment risks described herein. See “INVESTMENT CONSIDERATIONS.”

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

SAMCO CAPITAL

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the “Underwriter”) pursuant to a bond purchase agreement with the District (the “Bond Purchase Agreement”) at a price of \$3,511,268.44 (representing the par amount of the Bonds of \$3,420,000.00, plus a premium on the Bonds of \$123,341.65, less an Underwriter’s discount of \$32,073.21) plus accrued interest. The Underwriter’s obligation is to purchase all of the Bonds, if any are purchased. See “PLAN OF FINANCING—Sources and Uses of Funds.”

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

Prices and Marketability

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

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

Securities Laws

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

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OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

- The Issuer*..... Fort Bend County Municipal Utility District No. 121 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
- The Issue*..... \$3,420,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors authorizing the issuance of the Bonds. The Bonds will be issued as fully registered bonds maturing serially on March 1 in each of the years 2022 through 2032, both inclusive, and as term bonds on March 1, 2034 (the “Term Bonds”) in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from June 1, 2021 and is payable on September 1, 2021 (three months of interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”
- Redemption*..... The Bonds maturing on and after March 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on March 1, 2026, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- Source of Payment*..... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAXING PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any other political subdivision or agency other than the District. See “THE BONDS—Source of Payment.”
- Payment Record*..... The District has previously issued fourteen series of unlimited tax bonds, one series of unlimited tax park bonds, and six series of unlimited tax refunding bonds, of which \$35,660,000 principal amount is outstanding (the “Outstanding Bonds”). See “FINANCIAL INFORMATION—Outstanding Bonds.” The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.
- Use of Proceeds*..... Proceeds from the sale of the Bonds, together with any other lawfully available debt service funds of the District will be used to currently refund and defease \$3,355,000 principal amount of the District’s Outstanding Bonds (defined below) in order to achieve annual and net present value savings in the District’s annual debt service expense. The Bonds to be refunded and discharged with Bond proceeds are referred to herein as the “Refunded Bonds.” Bond proceeds will also be used to pay certain costs associated with issuance of the Bonds, including the payment of any insurance premium. After the issuance of the Bonds, \$32,305,000 principal amount of the Outstanding Bonds will remain outstanding (the “Remaining Outstanding Bonds”). See “PLAN OF FINANCING—Refunded Bonds,” “—Sources and Uses of Funds” and “FINANCIAL INFORMATION—Outstanding Bonds.”
- Qualified Tax-Exempt Obligations*..... The District has designated the Bonds to be “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.”

<i>Municipal Bond Rating and Municipal Bond Insurance</i>	It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) will assign a municipal bond rating of “AA” (stable outlook) to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody’s Investor Service (“Moody’s”) has assigned an underlying rating of “A3” to the Bonds. An explanation of the ratings may be obtained from Moody’s. There is no assurance that any of such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by either S&P or Moody’s, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Bond Counsel</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “MANAGEMENT,” “LEGAL MATTERS,” and “TAX MATTERS.”
<i>Underwriter’s Counsel</i>	McCall, Parkhurst & Horton L.L.P, Houston, Texas.
<i>Financial Advisor</i>	Masterson Advisors LLC, Houston, Texas.
<i>Paying Agent/Registrar</i>	The Bank of New York Mellon Trust Company, N. A., Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”
<i>Escrow Agent</i>	The Bank of New York Mellon Trust Company, N. A., Dallas, Texas. See “PLAN OF FINANCING—Escrow Agreement and Defeasance of Refunded Bonds.”
<i>Verification Agent</i>	Public Finance Partners LLC, Minneapolis, Minnesota. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

INFECTIOUS DISEASE OUTLOOK (COVID-19)

<i>General</i>	The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. As described herein under “INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)”, federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.
<i>Impact</i>	Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

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

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition. See “INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19).”

SEVERE WEATHER EVENTS AND FLOOD PROTECTION

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

Impact on the District..... According to LJA Engineering, Inc. (the “Engineer”), the District’s system did not sustain any material damage from Hurricane Harvey and there was no interruption of water and sewer service during or after the storm and no taxable improvements within the District are known to have experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Flood Protection In response to studies and surveys conducted over the last twelve years, the District constructed levee erosion protection weirs to help manage further migration of the Brazos River, which threatens a portion of the District’s levee system and the stability of homes in the northern portion of the District. The District expended proceeds from the District’s Series 2019 Bonds to finance the engineering and construction. Damage to the District’s levee system and houses in the District could substantially affect the assessed valuation of property in the District and the District’s ability to levy a tax sufficient to pay principal and interest on the Bonds.

THE DISTRICT

Description..... The District was created by order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the “TCEQ”), dated August 20, 1999. The District contains approximately 501 acres of land located in central Fort Bend County approximately 25 miles southwest of downtown Houston, Texas and 2.5 miles southeast of the City of Richmond, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Richmond, Texas and within the Lamar Consolidated Independent School District. See “THE DISTRICT—General.”

Status of Development..... Construction of water, sewer and drainage facilities and street paving is complete in Riverpark West, Sections One through Fifteen and consists of approximately 336 acres of land developed into 1,087 single-family residential lots. As of March 1, 2021, the District contained 1,087 completed homes (1,086 occupied homes). Homes in the District range in price from approximately \$195,000 to \$400,000.

A 288-unit apartment project, ARIUM Wildwood (formerly known as the Reserve at Riverpark West), is located on approximately 12 acres of land in the District and a 252-unit apartment project, the Villas at Riverpark West, is located on approximately 11 acres of land in the District. According to the apartments' property management, approximately 90.62% of the units are currently occupied in the ARIUM Wildwood and approximately 93.25% of the units are currently occupied in the Villas at Riverpark West.

A Shell gas station and convenience store and a 20,000 square foot retail center that contains a Wendy's, a dry cleaner, and several restaurants are located on approximately 4 acres within the District, a CVS Pharmacy has been constructed on approximately 2 acres within the District, and an 80 unit Fairfield Inn has been constructed on approximately 2.5 acres within the District.

In addition to the development described above, the District presently contains approximately 127 acres of undevelopable land consisting of drainage and detention facilities, easements, street rights-of-way, a water plant site, recreational facilities and open space areas and approximately 6.5 acres served by underground trunkline water, sanitary sewer and drainage facilities for future commercial development. See "THE DISTRICT—Land Use" and "—Status of Development."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Certified Taxable Assessed Valuation.....	\$349,360,223	(a)
2021 Preliminary Taxable Assessed Valuation.....	\$372,861,871	(b)
Gross Direct Debt Outstanding	\$35,725,000	(c)
Estimated Overlapping Debt	<u>23,199,810</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$58,924,810	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	10.23%	
2021 Preliminary Taxable Assessed Valuation	9.58%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation.....	16.87%	
2021 Preliminary Taxable Assessed Valuation	15.80%	
Operating Fund Balance as of April 8, 2021	\$2,511,705	
Capital Projects Fund Balance as of April 8, 2021	\$120,787	
Debt Service Fund Balance as of April 8, 2021	\$3,409,867	(e)
2020 Tax Rate:		
Debt Service.....	\$0.82	
Maintenance and Operations.....	<u>0.36</u>	
Total.....	\$1.18/\$100 A.V.	
Average Annual Debt Service Requirements (2022-2039) of the Bonds and the Remaining Outstanding Bonds (“Average Annual Requirement”)	\$2,460,276	(f)
Tax rate required to pay Average Annual Requirement based upon:		
2020 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.75	(g)
2021 Preliminary Taxable Assessed Valuation at a 95% collection rate	\$0.70	(g)
Maximum Annual Debt Service Requirements (2022) of the Bonds and the Remaining Outstanding Bonds (“Maximum Annual Requirement”)	\$2,844,005	(f)
Tax rate required to pay Maximum Annual Requirement based upon:		
2020 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.86	(g)
2021 Preliminary Taxable Assessed Valuation at a 95% collection rate	\$0.81	(g)
Status of water and sewer connections as of March 1, 2021 (h):		
Completed Single-family homes	1,087	
Occupied Single-family homes	1,086	
Apartment Units	540	
Estimated Population	5,151	(i)

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2021. See “TAXING PROCEDURES.”
- (c) After the issuance of the Bonds and excludes the Refunded Bonds. See “FINANCIAL INFORMATION—Outstanding Bonds.”
- (d) See “FINANCIAL INFORMATION—Estimated Overlapping Debt.”
- (e) The District will use \$13,000 of available debt service funds towards the purpose for which the Bonds are being issued. See “PLAN OF FINANCING—Sources and Uses of Funds.” Neither Texas law nor the Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund.
- (f) See “FINANCIAL INFORMATION—Debt Service Requirements.”
- (g) See “TAX DATA—Tax Adequacy for Debt Service.”
- (h) See “THE DISTRICT—Land Use” and “—Status of Development.”
- (i) Based upon 3.5 persons per occupied single-family connection and 2.5 persons per multi-family unit.

OFFICIAL STATEMENT

\$3,420,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 121
(A political subdivision of the State of Texas located within Fort Bend County)

**UNLIMITED TAX REFUNDING BONDS
SERIES 2021**

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 121 (the “District”) of its \$3,420,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, an election held within the District and a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

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

PLAN OF FINANCING

Purpose

At a bond election held within the District on November 2, 1999, the voters of the District authorized the issuance of \$52,000,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing a water, wastewater and storm drainage system in the District and \$31,200,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. See “THE BONDS—Authority for Issuance.”

The proceeds of the Bonds and lawfully available debt service funds will be used to currently refund and defease outstanding portions of the District’s original issues of \$3,000,000 Unlimited Tax Bonds, Series 2013, and \$5,445,000 Unlimited Tax Refunding Bonds, Series 2014, totaling \$3,355,000 (the “Refunded Bonds”), in order to achieve a net savings in the District’s debt service expense. See “Refunded Bonds” herein. The proceeds will also be used to pay the costs of issuance of the Bonds. See “Sources and Uses of Funds” herein. A total of \$32,305,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the “Remaining Outstanding Bonds”). See “FINANCIAL INFORMATION—Outstanding Bonds.”

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Refunded Bonds

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

Maturity Date September 1	Series 2013	Series 2014
2022	\$ -	\$ 455,000
2023	95,000	105,000
2024	100,000	110,000
2025	105,000	110,000
2026	110,000	115,000
2027	120,000	115,000
2028	125,000	125,000
2029	130,000	125,000
2030	140,000	130,000
2031	145,000	135,000
2032	155,000	140,000
2033	165,000	145,000
2034	-	155,000
	<u>\$ 1,390,000</u>	<u>\$ 1,965,000</u>

Redemption Date: June 10, 2021 September 1, 2021

Sources and Uses of Funds

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

Sources of Funds:	
Principal Amount of the Bonds	\$3,420,000.00
Plus: Premium on the Bonds.....	123,341.65
Plus: Transfer from Debt Service Fund	<u>13,000.00</u>
Total Sources of Funds.....	\$3,556,341.65
Uses of Funds:	
Deposit to Escrow Fund.....	\$3,403,865.32
Issuance Expenses and Underwriters' Discount (a).....	<u>152,476.33</u>
Total Uses of Funds	\$3,556,341.65

(a) Includes municipal bond insurance premium.

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Escrow Agreement and Defeasance of Refunded Bonds

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

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

THE BONDS

Description

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

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

Funds

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

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

No Arbitrage

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on March 1, 2034 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on March 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced, at the option of the District, by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$435,000 Term Bonds	
Due March 1, 2034	
<u>Mandatory</u>	<u>Principal</u>
<u>Redemption Date</u>	<u>Amount</u>
2033	\$ 300,000
2034 (maturity)	135,000

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

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

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

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

Authority for Issuance

At a bond election held within the District on November 2, 1999, voters of the District authorized the issuance of a total of \$31,200,000 principal amount of unlimited tax refunding bonds. After the issuance of the Bonds, \$29,620,771 principal amount of authorized and unissued unlimited tax refunding bonds will remain from such authorization. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, an election held within the District, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized the issuance of \$52,000,000 principal amount of unlimited tax bonds for the purpose of constructing and acquiring a waterworks, sanitary sewer and storm sewer system of which \$4,090,000 principal amount remains authorized but unissued. Further, the District's voters have authorized \$31,200,000 principal amount of unlimited tax bonds for refunding purposes. After issuance of the Bonds, the District will have \$29,620,771 principal amount of unlimited tax refunding bonds authorized but unissued for the purpose of refunding outstanding debt of the District.

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 can issue park bonds payable from taxes, the following actions are required: (a) approval of the park projects and bonds by the Texas Commission on Environmental Quality (the "TCEQ"); and (b) approval of the bonds by the Attorney General of Texas. The outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. At an election held within the District on February 5, 2005, voters authorized a total of \$7,100,000 principal amount of unlimited tax bonds for constructing and acquiring parks and recreational facilities of which \$5,860,000 principal amount remains authorized but unissued.

The Bond Resolution does not impose a limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances (if required) specifying the purposes for which the District may issue bonds; (b) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election for the issuance of fire-fighting bonds at this time. In 2002, the District's voters approved a contract with the City of Richmond pursuant to which the City of Richmond fire department provides fire suppression services in the District. The District and its residents have made a capital contribution and pay a monthly charge per single-family connection in accordance with such contract.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" nor calling such an election at this time.

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

Annexation by the City of Richmond

The District is located entirely within the extraterritorial jurisdiction of the City of Richmond, Texas (“Richmond” or the “City”). Richmond may annex the District at any time under current Texas law, but, as a general law municipality, it is required to obtain the consent of the residents and property owners of the District by either election or petition, respectively. In the event Richmond were converted to a home-rule municipality by the adoption of a city charter, such consent would not be required. The District has approved a strategic partnership agreement, as amended, with the City, which provides that the City may annex the District at such time as ninety percent (90%) of the District’s water, wastewater and drainage facilities have been constructed and the developer has been reimbursed for such facilities or the City assumes such reimbursement obligation. According to the District’s Engineer, approximately 95% of such water, wastewater and drainage facilities have been constructed as of the date hereof, but the City has not approached the District to pursue annexation. In any event, upon annexation of the District by Richmond, the District would be dissolved, and all of the assets and liabilities of the District (including the Bonds) would accrue to Richmond. The District makes no representation with respect to the likelihood of the annexation of the District by Richmond, or the ability of Richmond to pay principal and interest on the Bonds in such event.

Consolidation

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

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BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

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THE DISTRICT

General

Fort Bend County Municipal Utility District No. 121 (the “District”) is a municipal utility district created by order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the “TCEQ”), dated August 20, 1999, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes applicable to municipal utility districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Richmond, Texas (“Richmond” or the “City”) and within Lamar Consolidated Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Richmond, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance parks and recreational facilities and may also, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. See “THE BONDS—Issuance of Additional Debt” herein.

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Richmond which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, park facilities, roads and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Richmond of construction plans. Construction and operation of the District’s system are subject to the regulatory jurisdiction of additional government agencies. See “THE SYSTEM.”

The District contains approximately 501 acres of land and is located in central Fort Bend County approximately 25 miles southwest of downtown Houston and approximately 2.5 miles southeast of Richmond. Access to the District is provided by U.S. 59 (the “Southwest Freeway”) from Houston to Williams Way Boulevard, which is the main entrance to the District. The District is bordered by the Brazos River on the north and the Southwest Freeway on the south.

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Land Use

The following table has been provided by the Engineer and represents the current and planned land use within the District.

	Approximate <u>Acres</u>	<u>Lots</u>
<i><u>Single-Family Residential</u></i>		
River Park West:		
Section One	23	52
Section Two	26	61
Section Three.....	13	42
Section Four	25	77
Section Five.....	39	135
Section Six	30	100
Section Seven.....	25	91
Section Eight.....	31	70
Section Nine.....	20	79
Section Ten.....	17	73
Section Eleven.....	27	76
Section Twelve.....	17	62
Section Thirteen	19	70
Section Fourteen.....	13	45
Section Fifteen.....	<u>11</u>	<u>54</u>
Subtotal	336	1,087
<i><u>Multi-Family Residential</u></i> 23 ---		
<i><u>Commercial</u></i>	8.5	---
<i><u>Commercial Reserves (a)</u></i>	6.5	---
<i><u>Recreational and Open Space</u></i>	31	---
<i><u>Undevelopable (b)</u></i>	<u>96</u>	<u>---</u>
Subtotal	165	---
Total	501	1,087

- (a) Acreage is currently served by underground trunkline water, sewer and drainage facilities for future commercial development.
- (b) Includes drainage easements, detention facilities, recreation areas and open spaces, street rights-of-way and District plant sites.

Status of Development

Single-Family Residential: The District includes Riverpark West, Sections One through Fifteen, encompassing approximately 336 acres developed into 1,087 single-family residential lots. Construction of water, sewer and drainage facilities, as well as street paving, is complete in these sections. Storm water detention facilities, levee facilities and water supply and wastewater treatment capacity are available to serve development within the District. See “THE SYSTEM.”

Homes in the District range in sales prices from approximately \$195,000 to \$400,000.

Multi-Family Residential: A 288-unit apartment project, the ARIUM Wildwood (formerly known as Reserve at Riverpark West), is located on approximately 12 acres of land in the District and a 252-unit apartment project, the Villas at Riverpark West, is located on approximately 11 acres of land in the District. According to apartment management, approximately 90.62% of the units are currently occupied in the ARIUM Wildwood and approximately 93.25% of the units are currently occupied in the Villas at Riverpark West.

As of March 1, 2021, the status of residential development is as follows:

Completed Single-family homes	1,087
Occupied Single-family homes	1,086
Apartment Units	540
Estimated Population	5,151 (a)

- (a) Based upon 3.5 persons per occupied single-family residence and 2.5 persons per multi-family unit.

Recreation: The District also includes a recreation center, clubhouse, open air pavilion, pool, a playground area, sports fields, and miles of walking trails. See “PARKS AND RECREATIONAL FACILITIES.”

Commercial: A Shell gas station and convenience store and a 20,000 square foot retail center that contains a Wendy's, a dry cleaner, and several restaurants are located on approximately 4 acres. A CVS Pharmacy has been constructed on approximately 2 acres within the District, and an 80 unit Fairfield Inn has been constructed on approximately 2.5 acres within the District.

Other Acreage: In addition to the development described above, the District presently contains approximately 127 acres of undevelopable land consisting of drainage and detention facilities, easements, street rights-of-way, a water plant site, recreational facilities and open space areas and approximately 6.5 acres served by underground trunkline water, sanitary sewer and drainage facilities for future commercial development.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Four of the Directors listed below reside within the District. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held only in even numbered years. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
William Lowry, P.E.	President	May 2024
Jorge Diaz	Vice President	May 2022
Gregory Baird	Secretary	May 2022
Donald Lucas	Assistant Vice President	May 2022
Daniel Chavez	Assistant Secretary	May 2024

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

Attorney

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

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Auditor

The District's audited financial statement for the fiscal year ending August 31, 2020, was prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of District's August 31, 2020, audited financial statements.

Tax Assessor/Collector

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

Bookkeeper

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

System Operator

The District contracts with Levee Management Services, LLC for maintenance and operation of the District's system.

Engineer

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

PARKS AND RECREATIONAL FACILITIES

Park and recreational facilities constructed within District include a recreation center, clubhouse, open air pavilion, pool, a playground area, sports fields, and miles of walking trails.

THE SYSTEM

Regulation

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

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District obtains its water supply from the City of Richmond (the "City"). The District and the City entered into a utility agreement (the "Utility Agreement") whereby the City will supply water to a certain point in quantities adequate to provide adequate water pressure and water storage for the District. In consideration of such water supply, the District pays to the City a one-time connection charge for each lot or connection at such time as subdivisions or other tracts are platted. Connection fees have been paid to the City to provide service to Riverpark West, Sections One through Fifteen, ARIUM Wildwood (formerly known as the Reserve at Riverpark West) and the Villas at Riverpark West.

The District has constructed certain water plant facilities and a water supply line to convey water from the City's point of delivery to the District's water plant. The District's water plant contains two 300,000 gallon ground storage tanks, three booster pumps with firm capacity of 2,550 gallons per minute, and two 15,000 gallon pressure tanks. According to the Engineer, the District's water plant facilities are adequate to serve approximately 1,821 equivalent single-family connections.

Source of Wastewater Treatment: The District is provided wastewater treatment by the City. Pursuant to the Utility Agreement between the District and the City, the City provides wastewater treatment in amounts adequate to service the District. The District pays a connection charge to the City for each lot or connection at such time subdivisions or other areas are platted. Connection fees have been paid to the City to provide service to Riverpark West, Sections One through Fifteen, ARIUM Wildwood (formerly known as the Reserve at Riverpark West) and the Villas at Riverpark West.

Operation of Water and Wastewater System: Pursuant to the Utility Agreement between the City and the District, as amended effective April 10, 2012, the City operates the District's water and sewer system and bills and collects revenues from the District's customers. All such revenues belong to the City. The Utility Agreement allows for the District to impose an additional fee on customer bills to pay for operations, administrative fees and major repairs that are rebated to the District.

Water Distribution, Wastewater Collection and Storm Drainage: The District has constructed water distribution, wastewater collection and storm drainage facilities to serve 1,087 single-family residential lots, 23 acres of multi-family development consisting of an aggregate of 540 units, and 15 acres within the District served by underground trunkline water, sanitary sewer and drainage facilities for commercial development where a Shell gas station and convenience store and a 20,000 square foot retail center has been constructed on approximately 4 acres, a CVS Pharmacy has been constructed on approximately 2 acres and an 80 unit Fairfield Inn has been constructed on approximately 2.5 acres.

Subsidence and Conversion to Surface Water Supply

The District obtains its water supply from the City. The City's authority to pump groundwater is subject to an annual permit issued by the Fort Bend Subsidence District (the "Subsidence District"). The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the City and the District.

The Subsidence District's regulations require the City, individually or collectively with other water users, to prepare a groundwater reduction plan ("GRP") and obtain certification of the GRP from the Subsidence District by the applicable water well permit expiration date in the year 2010. The City has prepared a GRP and obtained certification from the Subsidence District. The Subsidence District's regulations further require the City individually or collectively with other water users to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the GRP, beginning October 2016; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the GRP, beginning October 2025.

If the City fails to comply with the above Subsidence District regulations, the City will be subject to a \$6.50 per 1,000 gallons disincentive fee penalty imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand. If the District failed to comply with surface water conversion requirements mandated by the City, the District would be subject to monetary or other penalties imposed by the City.

The City is planning to issue revenue bonds to pay for the engineering and construction costs associated with the collection, treatment, and distribution of surface water to the City customers and other water users within the GRP. District residents will be charged a fee on their water bills from the City to pay debt service on the revenue bonds.

Flood Protection

Based upon the 1997 Flood Insurance Rate Maps from the Federal Emergency Management Agency ("FEMA"), approximately 95 acres of land in the District are shown within the 100-year flood plain designation. However, construction of drainage and flood protection improvements, including the construction of a levee, have been completed and the District received a letter of map revision from FEMA effective March 15, 2004. As a result of the drainage and levee protection improvements, approximately 44 acres of land within the District's levee system have been removed from the 100-year plan but are still prone to flooding. Approximately 46 acres of land are outside of the District's levee system. Of the 46 acres, approximately 40 remain within the effective 100-year flood plain. No development activity is occurring or has occurred in acreage that is flood prone or within the effective 100-year flood plain.

FEMA commissioned a study to reevaluate the "base flood elevation" (commonly referred to as the 100-year flood plain elevation) in Fort Bend County in 2006. Based on the study, FEMA determined that the 100-year flood plain was found to be higher than the then current effective flood plain and therefore land mapped outside the flood plain could be remapped inside the flood plain. Remedial actions were required by the District based on the increased elevations of the 100-year flood plain which required the construction of substantial improvements to the District's levee system.

Due to the increases in the Brazos River 100-year flood plain, the District coordinated with adjacent levee districts to construct a joint regional levee system. Each joint regional levee system participant was required to fund a pro-rata share of the joint regional levee system cost. The joint regional levee system included the construction of flood protection facilities and improvements to the existing district levee systems. As of August 2008, the District had substantially completed the construction of the District's levee modifications. The remaining joint regional levee system participants, Fort Bend County Levee Improvement Districts Nos. 6, 10 and 11, have also substantially completed their improvements. On July 2, 2008, the District, on behalf of the joint regional levee system participants, submitted portions of each district's levee re-certification documentation to FEMA. FEMA released the revised preliminary Flood Insurance Rate Maps ("FIRMs") on October 30, 2009. These preliminary FIRMs show the joint regional levee system, as designed and constructed, provides protection to the District from the 100-year flood plain except as described above in the first paragraph under "Flood Protection." The preliminary FIRMs became the "effective" FIRMs of Fort Bend County on April 2, 2014.

The northern portions of the District and the northern side of the District's levee are approximately 300 feet south of the Brazos River. In 2006, the District commissioned a study by Fugro Consultants, LP, a geotechnical engineering firm, to study bank migration of the Brazos River in the area of the District (the "Fugro Study"). The Fugro Study stated that historical aerial photographs and topographic evidence suggests that the Brazos River has migrated throughout the area of the District with the most recent meander bend gradually progressing to the south. The Fugro Study notes that Brazos River migration is a natural process in Fort Bend County that has occurred for many years, but has been as much as approximately eight to twelve feet per year in the areas of the District when flood events occur. The Fugro Study concludes that future Brazos River bank migration is likely and will continue to move southward with time. The Fugro Study recommended various bank stabilization methods to limit or prevent future erosion of the Brazos River bank. The District has engaged Dodson & Associates ("Dodson") to study the District's options to minimize or prevent such migration.

In order to implement Dodson's recommendations, the District retained Parsons Brinckerhoff, a bioengineering firm, to establish an erosion monitoring program and constructed a diversion channel and berm to direct storm water sheet flow away from the erosion prone area adjacent to the District's northwestern levee facilities, which was substantially complete on January 13, 2009. In the spring of 2012, the District surveyed the bank of the Brazos River within the area of the Brazos River prone to erosion and established a baseline to determine the effectiveness of the diversion channel and berm. The District has conducted topographic surveys on a periodic basis to monitor the erosion along the bank of the Brazos River. A survey was completed in early 2018 and the District's Engineer has recommended construction of levee erosion protection weirs to help manage further migration of the Brazos River, which threatens a portion of the District's levee system and the stability of homes in the northern portion of the District. The District has expended portions of the Series 2019 Bonds to finance the engineering and construction of the levee erosion protection weirs which were completed in 2020. The Board has authorized and will continue to survey the northern portion of the District along the bank of the Brazos River to determine the effectiveness of the levee erosion protection weirs. The District anticipates conducting a high bank survey of the Brazos River twice a year to determine the erosion along the banks of the Brazos. Damage to the District's levee system and houses in the District could substantially affect the assessed valuation of property in the District and the District's ability to levy a tax sufficient to pay principal and interest on the Remaining Outstanding Bonds and the Bonds.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

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GENERAL FUND

General

The Bonds and the Remaining Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from District operations, if any, are available for any legal purpose, including the payment of debt service on the Bonds and the Remaining Outstanding Bonds, upon Board action. However, it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Remaining Outstanding Bonds and the Bonds.

General Fund Statement

The following statement sets forth in condensed form the historical results of the District's General Fund for the fiscal years ending August 31, 2017 through August 31, 2020 and an unaudited summary prepared by the Bookkeeper as of March 31, 2021. Pursuant to the Utility Agreement between the City and the District, as amended effective April 10, 2012, the City operates the District's water and sewer system and bills and collects revenues from the District's customers. All such revenues belong to the City. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements. Reference is made to such records and statements for further and more complete information.

	9/1/2020 to 3/31/21 (a) (Unaudited)	Fiscal Year Ended August 31			
		2020	2019	2018	2017
Revenues					
Property Taxes	\$ 1,195,042	\$ 1,136,076	\$ 1,347,261	\$ 1,246,833	\$ 1,146,087
City of Richmond Rebate	8,837	12,814	17,751	11,264	11,005
Miscellaneous	3,384	6,063	21,227	-	-
Investment Revenues	981	17,312	33,147	19,662	8,955
Total Revenues	\$ 1,208,243	\$ 1,172,265	\$ 1,419,386	\$ 1,277,759	\$ 1,166,047
Expenditures					
Professional Fees	\$ 117,529	\$ 142,803	\$ 200,661	\$ 258,697	\$ 323,573
Contracted Services	395,759	390,979	395,855	401,057	414,526
Repairs and Maintenance	11,242	214,607	262,408	209,693	204,634
Utilities	47,399	94,329	102,569	88,875	75,517
Administrative	16,989	48,448	59,689	64,171	59,837
Other	4,116	4,020	4,120	4,020	4,020
Capital Outlay	-	-	-	242,261	-
Total Expenditures	\$ 593,034	\$ 895,186	\$ 1,025,302	\$ 1,268,774	\$ 1,082,107
Revenues Over (Under) Expenditures	\$ 615,209	\$ 277,079	\$ 394,084	\$ 8,985	\$ 83,940
Other Sources (Internal Transfers)	\$ -	\$ -	\$ -	\$ -	\$ (62,047)
Fund Balance (Beginning of Year)	\$ 1,851,721	\$ 1,574,642	\$ 1,180,558	\$ 1,171,573	\$ 1,149,680
Fund Balance (End of Year)	\$ 2,466,930	\$ 1,851,721	\$ 1,574,642	\$ 1,180,558	\$ 1,171,573

(a) Unaudited. Provided by the Bookkeeper.

FINANCIAL INFORMATION

2020 Certified Taxable Assessed Valuation.....	\$349,360,223	(a)
2021 Preliminary Taxable Assessed Valuation.....	\$372,861,871	(b)
Gross Direct Debt Outstanding	\$35,725,000	(c)
Estimated Overlapping Debt	<u>23,199,810</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$58,924,810	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	10.23%	
2021 Preliminary Taxable Assessed Valuation	9.58%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation.....	16.87%	
2021 Preliminary Taxable Assessed Valuation.....	15.80%	
Operating Fund Balance as of April 8, 2021	\$2,511,705	
Capital Projects Fund Balance as of April 8, 2021	\$120,787	
Debt Service Fund Balance as of April 8, 2021	\$3,409,867	(e)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable value (as of January 1, 2021). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified in the fall of 2021. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds and excludes the Refunded Bonds. See "Outstanding Bonds" herein.
- (d) See "Estimated Overlapping Debt" herein.
- (e) The District will use \$13,000 of available debt service funds towards the purpose for which the Bonds are being issued. See "PLAN OF FINANCING—Sources and Uses of Funds." Neither Texas law nor the Bond Order requires the District to maintain any particular balance in the Debt Service Fund.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The policy of the District is to invest District funds only in instruments which further the following investment obligations of the District, stated in order of importance: (1) preservation and safety of principal; (2) liquidity and (3) yield. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

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Outstanding Bonds

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

Series	Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2010	\$ 2,615,000	\$ 55,000	-	\$ 55,000
2012A (a)	2,350,000	455,000	-	455,000
2013	3,000,000	1,565,000	1,390,000	175,000
2014 (a)	5,445,000	2,410,000	1,965,000	445,000
2014A	4,300,000	3,250,000	-	3,250,000
2014B (a)	5,890,000	5,745,000	-	5,745,000
2015	2,625,000	2,375,000	-	2,375,000
2015 (b)	1,240,000	990,000	-	990,000
2015 (a)	6,165,000	5,395,000	-	5,395,000
2016 (a)	2,045,000	2,005,000	-	2,005,000
2019	7,560,000	7,535,000	-	7,535,000
2019A (a)	3,965,000	3,880,000	-	3,880,000
Total	\$ 47,200,000	\$ 35,660,000	\$ 3,355,000	\$ 32,305,000
The Bonds				3,420,000
The Bonds and Remaining Outstanding Bonds				\$ 35,725,000

- (a) Unlimited tax refunding bonds.
(b) Unlimited tax park bonds.

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Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds (\$3,355,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2021	\$ 2,303,730 (a)	\$ 58,763	\$ -	\$ 20,550	\$ 20,550	\$ 2,265,518
2022	2,871,380	572,525	470,000	75,150	545,150	2,844,005
2023	2,859,668	303,875	215,000	64,875	279,875	2,835,668
2024	2,855,473	307,613	225,000	58,275	283,275	2,831,135
2025	2,854,753	306,038	230,000	51,450	281,450	2,830,165
2026	2,841,949	308,488	240,000	44,400	284,400	2,817,861
2027	2,817,550	310,588	245,000	38,350	283,350	2,790,313
2028	2,831,901	317,388	260,000	33,300	293,300	2,807,814
2029	2,823,294	313,638	260,000	28,100	288,100	2,797,756
2030	2,832,831	319,575	270,000	22,800	292,800	2,806,056
2031	2,817,838	320,000	280,000	17,300	297,300	2,795,138
2032	2,738,044	324,706	290,000	11,600	301,600	2,714,938
2033	2,584,769	328,525	300,000	5,700	305,700	2,561,944
2034	2,638,238	161,588	135,000	1,350	136,350	2,613,000
2035	1,851,750	-	-	-	-	1,851,750
2036	1,711,788	-	-	-	-	1,711,788
2037	1,664,075	-	-	-	-	1,664,075
2038	1,626,213	-	-	-	-	1,626,213
2039	1,385,350	-	-	-	-	1,385,350
Total	\$ 46,910,590	\$ 4,253,306	\$ 3,420,000	\$ 473,200	\$ 3,893,200	\$ 46,550,484

(a) Excludes the March 1, 2021 debt service payment in the amount of \$583,730.

Average Annual Debt Service Requirements (2022-2039)	\$2,460,276
Maximum Annual Debt Service Requirements (2022)	\$2,844,005

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Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 664,849,310	2/28/2021	0.46%	\$ 3,058,307
Fort Bend County Drainage District.....	25,405,000	2/28/2021	0.46%	116,863
Lamar Consolidated Independent School District....	1,112,480,000	2/28/2021	1.80%	20,024,640
Total Estimated Overlapping Debt.....				\$ 23,199,810
The District.....	35,725,000 (a)	Current	100.00%	35,725,000
Total Direct and Estimated Overlapping Debt.....				\$ 58,924,810

Ratio of Gross Direct Debt and Estimated Overlapping Debt to:

2020 Certified Taxable Assessed Valuation.....	16.87%
2021 Preliminary Taxable Assessed Valuation.....	15.80%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes for 2020

	2020 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.453207
Lamar Consolidated Independent School District.....	1.269100
Total Overlapping Tax Rate.....	\$ 1.722307
The District.....	1.180000 (a)
Total Tax Rate.....	\$ 2.902307

(a) See “TAX DATA—Historical Tax Rate Distribution.”

TAX DATA

Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2021 (a)	
				Amount	Percent
2016	\$ 338,032,719	\$ 1.120	\$ 3,785,966	\$ 3,777,734	99.78%
2017	333,905,752	1.145	3,823,221	3,815,160	99.79%
2018	328,629,742	1.170	3,845,301	3,835,323	99.74%
2019	334,589,247	1.190	3,982,312	3,967,396	99.63%
2020	349,360,223	1.180	4,123,344	4,018,796	97.46%

(a) Unaudited.

Taxes are due October 1 or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed, and no discounts are allowed.

Historical Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	\$ 0.820	\$ 0.850	\$ 0.760	\$ 0.770	\$ 0.780
Maintenance and Operations	0.360	0.340	0.410	0.375	0.340
Total	\$ 1.180	\$ 1.190	\$ 1.170	\$ 1.145	\$ 1.120

Tax Rate Limitations

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

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2020 in the amount of \$0.82 per \$100 of taxable assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 2, 1999, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. For the 2020 tax year, the Board levied a maintenance tax in the amount of \$0.36 per \$100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2021, the District has exempted \$30,000 of the appraised value of resident homesteads for persons who are disabled or 65 years of age or older and ten percent (10%) of the appraised value of residential homesteads.

Additional Penalties

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

Tax Roll Information

The following summarizes the 2016 through 2020 Certified Taxable Assessed Valuations and the 2021 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions	Net Assessed Valuations
	Land	Improvements	Personal Property			
2016	\$ 58,111,120	\$ 294,701,410	\$ 4,942,040	\$ 357,754,570	\$ 19,721,851	\$ 338,032,719
2017	58,865,700	289,945,889	4,551,280	353,362,869	19,457,117	333,905,752
2018	58,963,850	284,017,853	6,059,590	349,041,293	20,411,551	328,629,742
2019	58,934,020	290,022,013	6,869,860	355,825,893	21,236,646	334,589,247
2020	58,964,030	304,309,687	7,962,050	371,235,767	21,875,544	349,360,223
2021	63,548,270	322,767,699	7,158,156	393,474,125	20,612,254	372,861,871

Principal Taxpayers

The following list of principal taxpayers was provided by the District’s tax assessor/collector and represents the principal taxpayers’ value as a percentage of the 2020 Certified Taxable Assessed Valuation of \$349,360,223. This represents ownership as of January 1, 2020. A principal taxpayer list related to the 2021 Preliminary Taxable Assessed Valuation, of \$372,861,871, which is subject to review and downward adjustment prior to certification, is not currently available.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
CC River Park West Owner LLC (a)	\$ 28,183,680	8.07%
AHC Villas Richmond LLC (a)	23,769,750	6.80%
D&M Hospitality LLC	5,852,749	1.68%
D&M Retail LLC	3,457,600	0.99%
DBD Nocigs 2019-38 LLC	2,571,964	0.74%
DAD Entrepreneurs LLC	2,218,780	0.64%
Centerpoint Energy Electric	2,081,620	0.60%
Ingram Ready Mix Inc	1,880,000	0.54%
D&M Sugar Land Realty LLC	1,472,200	0.42%
CVS Pharmacy Inc	1,269,620	0.36%
Total	\$ 72,757,963	20.83%

(a) Apartment community.

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed which would be required to meet average annual and maximum annual debt service requirements if no growth in the District’s tax base occurred beyond the 2020 Certified Taxable Assessed Valuation of \$349,360,223. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See “FINANCIAL INFORMATION—Debt Service Requirements.”

Maximum annual debt service requirement (2022)	\$2,844,005
\$0.86 tax rate on the 2020 Certified Taxable Assessed Valuation	\$2,854,273
\$0.81 tax rate on the 2021 Preliminary Taxable Assessed Valuation	\$2,869,172
 Average annual debt service requirement (2022-2039)	 \$2,460,276
\$0.75 tax rate on the 2020 Certified Taxable Assessed Valuation	\$2,489,192
\$0.70 tax rate on the 2021 Preliminary Taxable Assessed Valuation	\$2,479,531

No representation or suggestion is made that the 2021 Preliminary Taxable Assessed Valuation provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See “TAXING PROCEDURES.”

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 Remaining Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under “THE BONDS—Source of and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA—Debt Service Tax” and “—Maintenance Tax.”

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

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

\$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to a total tax exemption on such surviving spouse's residence homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to the subsequent homesteads. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

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

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

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

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

Levy and Collection of Taxes

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

split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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

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

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

Severe Weather Events

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

According to the Engineer, the District's system did not sustain any material damage from Hurricane Harvey and there was no interruption of water and sewer service during or after the storm and no taxable improvements within the District appear to have experienced flooding or other material damage.

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

Specific Flood Type Risks

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

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

Flood Protection

Based upon the 1997 Flood Insurance Rate Maps from the Federal Emergency Management Agency ("FEMA"), approximately 95 acres of land in the District are shown within the 100-year flood plain designation. However, construction of drainage and flood protection improvements, including the construction of a levee, have been completed and the District received a letter of map revision from FEMA effective March 15, 2004. As a result of the drainage and levee protection improvements, approximately 44 acres of land within the District's levee system have been removed from the 100-year plan but are still prone to flooding. Approximately 46 acres of land are outside of the District's levee system. Of the 46 acres, approximately 40 remain within the effective 100-year flood plain. No development activity is occurring or has occurred in acreage that is flood prone or within the effective 100-year flood plain.

FEMA commissioned a study to reevaluate the “base flood elevation” (commonly referred to as the 100-year flood plain elevation) in Fort Bend County in 2006. Based on the study, FEMA determined that the 100-year flood plain was found to be higher than the then current effective flood plain and therefore land mapped outside the flood plain could be remapped inside the flood plain. Remedial actions were required by the District based on the increased elevations of the 100-year flood plain which required the construction of substantial improvements to the District’s levee system.

Due to the increases in the Brazos River 100-year flood plain, the District coordinated with adjacent levee districts to construct a joint regional levee system. Each joint regional levee system participant was required to fund a pro-rata share of the joint regional levee system cost. The joint regional levee system included the construction of flood protection facilities and improvements to the existing district levee systems. As of August 2008, the District had substantially completed the construction of the District’s levee modifications. The remaining joint regional levee system participants, Fort Bend County Levee Improvement Districts Nos. 6, 10 and 11, have also substantially completed their improvements. On July 2, 2008, the District, on behalf of the joint regional levee system participants, submitted portions of each district’s levee re-certification documentation to FEMA. FEMA released the revised preliminary Flood Insurance Rate Maps (“FIRMs”) on October 30, 2009. These preliminary FIRMs show the joint regional levee system, as designed and constructed, provides protection to the District from the 100-year flood plain except as described above in the first paragraph under “Flood Protection.” The preliminary FIRMs became the “effective” FIRMs of Fort Bend County on April 2, 2014.

The northern portions of the District and the northern side of the District’s levee are approximately 300 feet south of the Brazos River. In 2006, the District commissioned a study by Fugro Consultants, LP, a geotechnical engineering firm, to study bank migration of the Brazos River in the area of the District (the “Fugro Study”). The Fugro Study stated that historical aerial photographs and topographic evidence suggests that the Brazos River has migrated throughout the area of the District with the most recent meander bend gradually progressing to the south. The Fugro Study notes that Brazos River migration is a natural process in Fort Bend County that has occurred for many years, but has been as much as approximately eight to twelve feet per year in the areas of the District when flood events occur. The Fugro Study concludes that future Brazos River bank migration is likely and will continue to move southward with time. The Fugro Study recommends various bank stabilization methods to limit or prevent future erosion of the Brazos River bank. The District has engaged Dodson & Associates (“Dodson”) to study the District’s options to minimize or prevent such migration.

In order to implement Dodson’s recommendations, the District retained Parsons Brinckerhoff, a bioengineering firm, to establish an erosion monitoring program and constructed a diversion channel and berm to direct storm water sheet flow away from the erosion prone area adjacent to the District’s northwestern levee facilities, which was substantially complete on January 13, 2009. In the spring of 2012, the District surveyed the bank of the Brazos River within the area of the Brazos River prone to erosion and established a baseline to determine the effectiveness of the diversion channel and berm. The District has conducted a topographic survey on a periodic basis to monitor the erosion along the bank of the Brazos River. A survey was completed in early 2018 and the District’s Engineer has recommended construction of levee erosion protection weirs to help manage further migration of the Brazos River, which threatens a portion of the District’s levee system and the stability of homes in the northern portion of the District. The District has expended portions of the Series 2019 Bonds to finance the engineering and construction of the levee erosion protection weirs which were completed in 2020. The Board has authorized and will continue to survey the northern portion of the District along the bank of the Brazos River to determine the effectiveness of the levee erosion protection weirs. The District anticipates conducting a high bank survey of the Brazos River twice a year to determine the erosion along the banks of the Brazos. Damage to the District’s levee system and houses in the District could substantially affect the assessed valuation of property in the District and the District’s ability to levy a tax sufficient to pay principal and interest on the Bonds.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

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.

Dependence on Principal Taxpayers

The ten principal taxpayers represent \$72,757,963 or 20.83% of the 2020 Certified Taxable Assessed Valuation which represents ownership as of January 1, 2020. If any of the principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Remaining Outstanding Bonds and the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its interest and sinking fund. See "Tax Collection Limitations and Foreclosure Remedies" in this section, "TAX DATA—Principal Taxpayers," and "TAXING PROCEDURES—Levy and Collection of Taxes."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining \$4,090,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing or constructing water, wastewater and storm drainage facilities, \$5,860,000 principal amount of unlimited tax bonds authorized but unissued for purchasing or constructing park and recreational facilities purposes, and \$29,620,771 principal amount of unlimited tax bonds authorized but unissued for refunding purposes, and any additional bonds which may be voted hereafter.

The issuance of additional bonds may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer, drainage facilities and park and recreational facilities must be approved by the TCEQ. See "THE BONDS—Issuance of Additional Debt."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

A district may not be forced into bankruptcy involuntarily.

Environmental Regulations

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

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

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

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

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

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA’s April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court’s ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a “serious” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

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

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

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

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

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

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

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

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

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

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

Continuing Compliance with Certain Covenants

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

Marketability

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

Changes in Tax Legislation

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE.”

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

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

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

LEGAL MATTERS

Legal Proceedings

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

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

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

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and will assign municipal bond ratings of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from the company furnishing each rating.

The rating reflects only the view of such organizations and the District makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$477.7 million, \$156.4 million and \$321.3 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds and; (b) the mathematical computations of yield.

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

"THE DISTRICT" – LJA Engineering, Inc. ("Engineer"), and Records of the District ("Records"); "THE SYSTEM" – Engineer; "FINANCIAL INFORMATION"—Fort Bend Central Appraisal District and Tax Tech, Inc., Tax Assessor/Collector; "FINANCIAL INFORMATION—Estimated Overlapping Debt"—Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" – Tax Tech, Inc.; "MANAGEMENT"—District Directors; "FINANCIAL INFORMATION—Debt Service Requirements"—Financial Advisor; "THE BONDS," "THE DISTRICT – General," "TAXING PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS"—Allen Boone Humphries Robinson, LLP.

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

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the flood protection and in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" has been provided by LJA Engineering, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

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

Auditor: The District's audited financial statements for the fiscal year ended August 31, 2020, were prepared by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of District's August 31, 2020, audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Fund as it appears in "GENERAL FUND" has been provided by McLennan & Associates, L.P. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

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

Event Notices

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

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 121, as of the date shown on the cover page.

/s/ William Lowry, P.E.
President, Board of Directors
Fort Bend County Municipal Utility District No. 121

ATTEST:

/s/ Gregory Baird
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 121

APPENDIX A

Financial Statement of the District for the year ended August 31, 2020

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 121**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

August 31, 2020

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McGRATH & CO., PLLC

Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors

Fort Bend County Municipal Utility District No. 121Fort Bend County Municipal Utility District No.
121

Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 121, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

***Board of Directors
Fort Bend County Municipal Utility District No. 121
Fort Bend County, Texas***

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 121, as of August 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

W. G. Math & Co, PC

Houston, Texas
December 10, 2020

Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 121 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended August 31, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at August 31, 2020, was negative \$3,285,060. A comparative summary of the District's overall financial position, as of August 31, 2020 **and 2019**, is as follows:

	2020	2019
Current and other assets	\$ 3,904,431	\$ 10,043,849
Capital assets	28,115,287	22,635,917
Total assets	<u>32,019,718</u>	<u>32,679,766</u>
 Total deferred outflows of resources	 738,309	 806,397
 Current liabilities	 1,874,734	 2,150,317
Long-term liabilities	34,168,353	35,887,655
Total liabilities	<u>36,043,087</u>	<u>38,037,972</u>
 Net position		
Net investment in capital assets	(6,621,546)	(7,679,902)
Restricted	1,463,018	1,533,282
Unrestricted	1,873,468	1,594,811
Total net position	<u>\$ (3,285,060)</u>	<u>\$ (4,551,809)</u>

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

The total net position of the District increased during the current fiscal year by \$1,266,748. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2020	2019
Revenues		
Property taxes, penalties and interest	\$ 4,010,138	\$ 3,863,361
City of Richmond rebate	12,814	17,751
Other	98,279	209,010
Total revenues	<u>4,121,231</u>	<u>4,090,122</u>
Expenses		
Operating and administration	971,276	1,138,193
Debt interest and fees	1,296,105	1,317,234
Debt issuance costs		626,155
Depreciation and amortization	587,101	587,101
Total expenses	<u>2,854,482</u>	<u>3,668,683</u>
Change in net position	1,266,749	421,439
Net position, beginning of year	(4,551,809)	(4,973,248)
Net position, end of year	<u>\$ (3,285,060)</u>	<u>\$ (4,551,809)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of August 31, 2020, were \$3,614,616, which consists of \$1,851,721 in the General Fund, \$1,377,181 in the Debt Service Fund and \$385,714 in the Capital Projects Fund.

General Fund

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

	2020	2019
Total assets	<u>\$ 1,928,889</u>	<u>\$ 1,685,874</u>
Total liabilities	\$ 55,421	\$ 91,063
Total deferred inflows	21,747	20,169
Total fund balance	<u>1,851,721</u>	<u>1,574,642</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,928,889</u>	<u>\$ 1,685,874</u>

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

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

	2020	2019
Total revenues	\$ 1,172,265	\$ 1,419,386
Total expenditures	(895,186)	(1,025,302)
Revenues over expenditures	<u>\$ 277,079</u>	<u>\$ 394,084</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues decreased from prior year because the District decreased the maintenance and operations component of the levy.

Debt Service Fund

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

	2020	2019
Total assets	<u>\$ 1,466,807</u>	<u>\$ 1,533,723</u>
Total liabilities	\$ 3,789	\$ 2,441
Total deferred inflows	85,837	76,219
Total fund balance	1,377,181	1,457,063
Total liabilities, deferred inflows and fund balance	<u>\$ 1,466,807</u>	<u>\$ 1,535,723</u>

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

	2020	2019
Total revenues	\$ 2,884,421	\$ 2,587,708
Total expenditures	(2,964,303)	(3,052,209)
Revenues under expenditures	(79,882)	(464,501)
Other changes in fund balance		182,848
Net change in fund balance	<u>\$ (79,882)</u>	<u>\$ (281,653)</u>

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

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

During the prior year, the District issued \$3,965,000 in refunding bonds to refund \$3,800,000 of its outstanding Series 2011, 2012, 2012A, and 2013 bonds. This refunding will save the District \$421,945 in future debt service requirements.

Capital Projects Fund

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

	2020	2019
Total assets	\$ 481,238	\$ 6,792,721
Total liabilities	\$ 95,524	\$ 381,813
Total fund balance	385,714	6,410,908
Total liabilities and fund balance	\$ 481,238	\$ 6,792,721

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

	2020	2019
Total revenues	\$ 53,349	\$ 88,069
Total expenditures	(6,078,543)	(1,056,436)
Revenues under expenditures	(6,025,194)	(968,367)
Other changes in fund balance		7,560,000
Net change in fund balance	\$ (6,025,194)	\$ 6,591,633

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2019 Unlimited Tax Bonds in the prior year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$214,013 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

Capital Assets

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

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 5,556,744	\$ 5,556,744
Construction in progress	<u>6,747,785</u>	<u>681,314</u>
	<u>12,304,529</u>	<u>6,238,058</u>
Capital assets being depreciated/amortized		
Infrastructure	20,001,668	20,001,668
Connection fees	2,837,764	2,837,764
Other facilities	<u>1,308,991</u>	<u>1,308,991</u>
	<u>24,148,423</u>	<u>24,148,423</u>
Less accumulated depreciation/amortization		
Infrastructure	(6,845,994)	(6,401,061)
Connection fees	(1,130,948)	(1,040,316)
Other facilities	<u>(360,723)</u>	<u>(309,187)</u>
	<u>(8,337,665)</u>	<u>(7,750,564)</u>
Depreciable capital assets, net	<u>15,810,758</u>	<u>16,397,859</u>
Capital assets, net	<u>\$ 28,115,287</u>	<u>\$ 22,635,917</u>

The District's construction in progress is for the construction of the Brazos River levee toe protection project.

Long-Term Debt and Related Liabilities

As of August 31, 2020, the District owes \$301,378 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

Fort Bend County Municipal Utility District No. 121
Management's Discussion and Analysis
August 31, 2020

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

Series	2020	2019
2010	\$ 55,000	\$ 110,000
2012		55,000
2012A Refunding	455,000	670,000
2013	1,565,000	1,645,000
2014 Refunding	2,410,000	3,140,000
2014A	3,250,000	3,425,000
2014B Refunding	5,745,000	5,770,000
2015	2,375,000	2,425,000
2015 Park	990,000	1,040,000
2015 Refunding	5,395,000	5,515,000
2016 Refunding	2,005,000	2,015,000
2019	7,535,000	7,560,000
2019A Refunding	3,880,000	3,965,000
	\$ 35,660,000	\$ 37,335,000

At August 31, 2020, the District had \$4,090,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$5,860,000 for parks and recreational facilities; and \$29,777,039 for refunding purposes.

Next Year's Budget

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

	2020 Actual	2021 Budget
Total revenues	\$ 1,172,265	\$ 1,275,968
Total expenditures	(895,186)	(1,044,638)
Revenues over expenditures	277,079	231,330
Beginning fund balance	1,574,642	1,851,721
Ending fund balance	\$ 1,851,721	\$ 2,083,051

Property Taxes

The District's property tax base increased approximately \$13,959,000 for the 2019 tax year from \$335,250,197 to \$349,208,781. This increase was primarily due to increased property values. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.36 per \$100 of assessed value and a debt service tax rate of \$0.82 per \$100 of assessed value, for a total combined tax rate of \$1.18 per \$100. Tax rates for the 2019 tax year were \$0.34 per \$100 for maintenance and operations and \$0.85 per \$100 for debt service for a combined total of \$1.19 per \$100 of assessed value.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 11, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 121
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 58,727	\$ 106,547	\$ 63,977	\$ 229,251	\$ -	\$ 229,251
Investments	1,817,159	1,293,461	428,521	3,539,141		3,539,141
Taxes receivable	21,747	85,837		107,584		107,584
Internal balances	30,298	(19,038)	(11,260)			
Due from other governments	958			958		958
Prepaid bond insurance, net					27,497	27,497
Capital assets not being depreciated					12,304,529	12,304,529
Capital assets, net					15,810,758	15,810,758
Total Assets	\$ 1,928,889	\$ 1,466,807	\$ 481,238	\$ 3,876,934	28,142,784	32,019,718
Deferred Outflows of Resources						
Deferred difference on refunding					738,309	738,309
Liabilities						
Accounts payable	\$ 55,421	\$ 3,704	\$ 247	\$ 59,372		59,372
Other payables		85		85		85
Retainage payable			95,277	95,277		95,277
Due to developers					301,378	301,378
Long-term debt						
Due within one year					1,720,000	1,720,000
Due after one year					33,866,975	33,866,975
Total Liabilities	55,421	3,789	95,524	154,734	35,888,353	36,043,087
Deferred Inflows of Resources						
Deferred property taxes	21,747	85,837		107,584	(107,584)	
Fund Balances/Net Position						
Fund Balances						
Restricted		1,377,181	385,714	1,762,895	(1,762,895)	
Unassigned	1,851,721			1,851,721	(1,851,721)	
Total Fund Balances	1,851,721	1,377,181	385,714	3,614,616	(3,614,616)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,928,889	\$ 1,466,807	\$ 481,238	\$ 3,876,934		
Net Position						
Net investment in capital assets					(6,621,546)	(6,621,546)
Restricted for debt service					1,463,018	1,463,018
Unrestricted					1,873,468	1,873,468
Total Net Position					\$ (3,285,060)	\$ (3,285,060)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 121
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$1,136,076	\$2,839,575	\$ -	\$ 3,975,651	\$ 7,522	\$ 3,983,173
Penalties and interest		23,291		23,291	3,674	26,965
City of Richmond rebate	12,814			12,814		12,814
Miscellaneous	6,063			6,063		6,063
Investment earnings	17,312	21,555	53,349	92,216		92,216
Total Revenues	1,172,265	2,884,421	53,349	4,110,035	11,196	4,121,231
Expenditures/Expenses						
Operating and administration						
Professional fees	142,803		12,072	154,875		154,875
Contracted services	390,979	60,860		451,839		451,839
Repairs and maintenance	214,607			214,607		214,607
Utilities	94,329			94,329		94,329
Administrative	48,448	3,158		51,606		51,606
Other	4,020			4,020		4,020
Capital outlay			6,066,471	6,066,471	(6,066,471)	
Debt service						
Principal		1,675,000		1,675,000	(1,675,000)	
Interest and fees		1,225,285		1,225,285	70,820	1,296,105
Depreciation and amortization					587,101	587,101
Total Expenditures/Expenses	895,186	2,964,303	6,078,543	9,938,032	(7,083,550)	2,854,482
Revenues Over (Under) Expenditures	277,079	(79,882)	(6,025,194)	(5,827,997)	5,827,997	
Change in Net Position					1,266,749	1,266,749
Fund Balance/Net Position						
Beginning of the year	1,574,642	1,457,063	6,410,908	9,442,613	(13,994,422)	(4,551,809)
End of the year	\$1,851,721	\$1,377,181	\$ 385,714	\$ 3,614,616	\$ (6,899,676)	\$ (3,285,060)

See notes to basic financial statements.

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Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 121 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated August 20, 1999, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on September 2, 1999 and the first bonds were issued on February 4, 2003.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Restricted Resources

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

Prepaid Bond Insurance

Prepaid bond insurance reduces the District’s borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At August 31, 2020, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities and connection fees paid to the City of Richmond, are depreciated or amortized using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	35-45 years
Connection fees	40 years [max]
Other facilities	10-20 years

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		\$ 3,614,616
Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds at the government wide level.		27,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 36,452,952	
Less accumulated depreciation/amortization	<u>(8,337,665)</u>	
Change due to capital assets		28,115,287
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		738,309
Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(301,378)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference is for bonds payable, net.		(35,586,975)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	77,759	
Penalty and interest receivable	<u>29,825</u>	
Change due to property taxes		107,584
Total net position - governmental activities		<u><u>\$ (3,285,060)</u></u>

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

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

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

Net change in fund balances - total governmental funds \$ (5,827,997)

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 11,196

Governmental funds report capital outlays for construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 6,066,471	
Depreciation/amortization expense	(587,101)	
		5,479,370

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net position. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	1,675,000	
Interest expense	(70,820)	
		1,604,180

Change in net position of governmental activities \$ 1,266,749

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 3 – Deposits and Investments (continued)

Investments

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

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

As of August 31, 2020, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 1,817,159		
	Debt Service	1,293,461		
	Capital Projects	428,521		
Total		<u>\$ 3,539,141</u>	AAAm	32 days

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

*Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020*

Note 3 – Deposits and Investments (continued)

TexPool (continued)

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 15,073	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	3,965	Excess amounts transferred to the Debt Service Fund
General Fund	Capital Projects Fund	11,260	Surplus funds application costs incurred by the General Fund

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

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 5,556,744	\$ -	\$ 5,556,744
Construction in progress	681,314	6,066,471	6,747,785
	<u>6,238,058</u>	<u>6,066,471</u>	<u>12,304,529</u>
Capital assets being depreciated/amortized			
Infrastructure	20,001,668		20,001,668
Connection fees	2,837,764		2,837,764
Other facilities	1,308,991		1,308,991
	<u>24,148,423</u>		<u>24,148,423</u>
Less accumulated depreciation/amortization			
Infrastructure	(6,401,061)	(444,933)	(6,845,994)
Connection fees	(1,040,316)	(90,632)	(1,130,948)
Other facilities	(309,187)	(51,536)	(360,723)
	<u>(7,750,564)</u>	<u>(587,101)</u>	<u>(8,337,665)</u>
Subtotal depreciable capital assets, net	<u>16,397,859</u>	<u>(587,101)</u>	<u>15,810,758</u>
Capital assets, net	<u>\$ 22,635,917</u>	<u>\$ 5,479,370</u>	<u>\$ 28,115,287</u>

Depreciation/amortization expense for the current year was \$587,101.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Amounts Paid	Remaining Commitment
Brazos River Levee Toe Protection	\$ 6,351,830	\$ 6,256,553	\$ 95,277

Note 6 – Due to Developers

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

The amount due to developers at August 31, 2020 is \$301,378. There was no change in this liability from the prior year.

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 35,660,000
Unamortized discounts	(287,293)
Unamortized premium	214,268
	<u>\$ 35,586,975</u>
Due within one year	<u>\$ 1,720,000</u>

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010	\$ 55,000	\$ 2,615,000	4.0% - 4.75%	September 1, 2010/2021	March 1, September 1	September 1, 2018
2012A Refunding	455,000	2,350,000	2.0% - 4.0%	September 1, 2013/2022	March 1, September 1	September 1, 2019
2013	1,565,000	3,000,000	3.0% - 5.0%	September 1, 2014/2033	March 1, September 1	September 1, 2019
2014 Refunding	2,410,000	5,445,000	2.0% - 4.25%	September 1, 2015/2034	March 1, September 1	September 1, 2021
2014A	3,250,000	4,300,000	3.0% - 4.25%	September 1, 2015/2039	March 1, September 1	September 1, 2023
2014B Refunding	5,745,000	5,890,000	3.05%	September 1, 2015/2028	March 1, September 1	September 1, 2022
2015	2,375,000	2,625,000	2.0% - 3.375%	September 1, 2016/2039	March 1, September 1	September 1, 2022
2015 Park	990,000	1,240,000	2.0% - 3.125%	September 1, 2016/2035	March 1, September 1	September 1, 2022
2015 Refunding	5,395,000	6,165,000	2.0% - 3.25%	September 1, 2016/2033	March 1, September 1	September 1, 2022
2016 Refunding	2,005,000	2,045,000	2.0% - 4.00%	September 1, 2017/2034	March 1, September 1	September 1, 2024
2019	7,535,000	7,560,000	3.125% - 4.0%	September 1, 2020/2039	March 1, September 1	September 1, 2024
2019A Refunding	3,880,000	3,965,000	2.0% - 4.0%	September 1, 2020/2038	March 1, September 1	September 1, 2024
	<u>\$ 35,660,000</u>					

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 7 – Long-Term Debt (continued)

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

At August 31, 2020, the District had authorized but unissued bonds in the amount of \$4,090,000 for water, sewer and drainage facilities; \$5,860,000 for park and recreational facilities; and \$29,777,039 for refunding purposes.

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

Bonds payable, beginning of year	\$ 37,335,000
Bonds retired	<u>(1,675,000)</u>
Bonds payable, end of year	<u>\$ 35,660,000</u>

The debt service payment due September 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of August 31, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 1,720,000	\$ 1,167,462	\$ 2,887,462
2022	1,755,000	1,116,381	2,871,381
2023	1,795,000	1,064,669	2,859,669
2024	1,845,000	1,010,475	2,855,475
2025	1,900,000	954,754	2,854,754
2026	1,945,000	896,951	2,841,951
2027	1,980,000	837,551	2,817,551
2028	2,055,000	776,902	2,831,902
2029	2,110,000	713,295	2,823,295
2030	2,185,000	647,832	2,832,832
2031	2,240,000	577,838	2,817,838
2032	2,235,000	503,044	2,738,044
2033	2,160,000	424,770	2,584,770
2034	2,290,000	348,239	2,638,239
2035	1,585,000	266,751	1,851,751
2036	1,500,000	211,788	1,711,788
2037	1,505,000	159,076	1,664,076
2038	1,520,000	106,213	1,626,213
2039	1,335,000	50,351	1,385,351
	<u>\$ 35,660,000</u>	<u>\$ 11,834,342</u>	<u>\$ 47,494,342</u>

Fort Bend County Municipal Utility District No. 121
Notes to Basic Financial Statements
August 31, 2020

Note 8 – Property Taxes

On November 2, 1999, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$1.19 per \$100 of assessed value, of which \$0.34 was allocated to maintenance and operations and \$0.85 was allocated to debt service. The resulting tax levy was \$3,989,477 on the adjusted taxable value of \$335,250,197.

Note 9 – Agreements with the City of Richmond

Water Supply and Wastewater Services Contract

The District and the City of Richmond (the "City") entered into a Water Supply and Wastewater Services Contract (the "Contract") which initially called for the provision of water supply and wastewater services by the City to the District. This Contract was amended in June 2007 and April 2012. Under the amended contract, the City operates and maintains the District's system and bills and collects revenues from the District's customers. The District retains ownership of facilities; however, all revenues derived from the system belong to the City. The District may request that the City impose an additional fee, as determined by the District, to customers in the District to pay for operations, administrative fees and major repairs. The City agrees to remit any such additional fees to the District within 30 days of collection. During the year ended August 31, 2020, the District collected \$12,814 in such fees from its customers. The City is responsible for repairs up to \$5,000 for each single repair, with the District paying any amounts over \$5,000.

Note 9 – Agreements with the City of Richmond (continued)

Strategic Partnership Agreement

On October 22, 2007, the District and the City of Richmond (the “City”) entered into a Strategic Partnership Agreement (the “Agreement”), under which the City shall not fully annex the District until ninety percent of the District’s water, wastewater and drainage facilities have been constructed and its developers have been reimbursed as allowed by the Texas Commission on Environmental Quality. This Agreement was amended on January 17, 2017. Under the amended contract, the City annexed the property within the District set aside as commercial property and agrees to annex any other property proposed to be developed as commercial property that is annexed into the boundaries of the District for the purpose of imposing and collecting the City’s sale and use tax within the commercial area. The District continues to exercise all powers and functions of a municipal utility district. In addition, the District may be annexed by the City of Richmond without the District’s consent. If the District is annexed, the City will assume the District’s assets and obligations (including bonded indebtedness) and dissolve the District.

Groundwater Reduction Plan Agreement

The Texas Legislature created the Fort Bend Subsidence District in order to regulate groundwater pumping. The Subsidence District adopted a regulatory plan that certain water well permit holders, including the District, must reduce groundwater usage, either individually or by participating in a group. To satisfy this mandate, the District and the City entered into a Groundwater Reduction Plan Participation Agreement (the “Plan”) on October 1, 2009. The Plan states that the City is responsible for producing and submitting a plan to the Subsidence District conforming to the minimum requirements. The City also agrees to pay all costs associated with the Plan with the proceeds of future bonds issued by the City. The District agrees to pay the City a surface water charge based on an amount determined by the GRP administrator. The Plan will remain in effect as long as the regulatory plan for surface water conversion is in effect.

Note 10 – Risk Management

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

Note 11 – Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various “Work Safe – Stay Home” orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within the District.

While the potential impact of 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.

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Required Supplementary Information

*Fort Bend County Municipal Utility District No. 121
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended August 31, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 1,076,189	\$ 1,136,076	\$ 59,887
City of Richmond rebate	16,800	12,814	(3,986)
Miscellaneous	5,005	6,063	1,058
Investment earnings	31,800	17,312	(14,488)
Total Revenues	<u>1,129,794</u>	<u>1,172,265</u>	<u>42,471</u>
Expenditures			
Operating and administrative			
Professional fees	182,250	142,803	39,447
Contracted services	396,680	390,979	5,701
Repairs and maintenance	315,478	214,607	100,871
Utilities	105,600	94,329	11,271
Administrative	62,670	48,448	14,222
Other	4,050	4,020	30
Total Expenditures	<u>1,066,728</u>	<u>895,186</u>	<u>171,542</u>
Revenues Over Expenditures	63,066	277,079	214,013
Fund Balance			
Beginning of the year	1,574,642	1,574,642	
End of the year	<u>\$ 1,637,708</u>	<u>\$ 1,851,721</u>	<u>\$ 214,013</u>

Fort Bend County Municipal Utility District No. 121
Notes to Required Supplementary Information
August 31, 2020

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 121
TSI-1. Services and Rates
August 31, 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"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input checked="" type="checkbox"/> Fire Protection | <input type="checkbox"/> Roads | <input type="checkbox"/> Security |
- Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- Other (Specify): Services provided by the City of Richmond

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 15.45	2,000	N	\$ 2.70	2,001 to 5,000
				\$ 2.96	5,001 to 10,000
				\$ 3.21	10,001 to 20,000
				\$ 3.47	20,001 to 50,000
				\$ 3.73	50,001 to 75,000
				\$ 3.99	75,001 to no limit
Wastewater:	\$ 22.00	2,000	N	\$ 3.30	2,001 to no limit
Surface water	\$ -	-0-	N	\$ 2.42	-0- to no limit
Surcharge:	\$ -	-0-	N	\$ 0.05 *	-0- to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 62.55 Wastewater \$ 48.40

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

* For water usage in excess of 110% of reserved capacity

See accompanying auditor's report.

*Fort Bend County Municipal Utility District No. 121
 TSI-2 General Fund Expenditures
 For the Year Ended August 31, 2020*

Professional fees		
Legal	\$	89,252
Audit		11,750
Engineering		41,801
		<u>142,803</u>
Contracted services		
Bookkeeping		22,607
Operator		50,426
Garbage		224,875
Fire protection		93,071
		<u>390,979</u>
Repairs and maintenance		<u>214,607</u>
Utilities		<u>94,329</u>
Administrative		
Directors fees		9,150
Printing and office supplies		2,189
Insurance		8,998
Other		28,111
		<u>48,448</u>
Other		<u>4,020</u>
Total expenditures	\$	<u><u>895,186</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	309,425 kWh	\$ 94,329
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-3. Investments
August 31, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	\$ 1,817,159
Debt Service			
TexPool	Variable	N/A	1,293,451
TexPool	Variable	N/A	10
			<u>1,293,461</u>
Capital Projects			
TexPool	Variable	N/A	427,477
TexPool	Variable	N/A	1,044
			<u>428,521</u>
Total - All Funds			<u>\$ 3,539,141</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-4. Taxes Levied and Receivable
August 31, 2020

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 20,169	\$ 50,068	\$ 70,237	
Adjustments	(2,197)	(4,107)	(6,304)	
Adjusted Receivable	17,972	45,961	63,933	
2019 Original Tax Levy	1,141,691	2,854,227	3,995,918	
Adjustments	(1,840)	(4,601)	(6,441)	
Adjusted Tax Levy	1,139,851	2,849,626	3,989,477	
Total to be accounted for	1,157,823	2,895,587	4,053,410	
Tax collections:				
Current year	1,133,788	2,834,470	3,968,258	
Prior years	2,288	5,105	7,393	
Total Collections	1,136,076	2,839,575	3,975,651	
Taxes Receivable, End of Year	\$ 21,747	\$ 56,012	\$ 77,759	
Taxes Receivable, By Years				
2019	\$ 6,063	\$ 15,156	\$ 21,219	
2018	3,926	7,278	11,204	
2017	2,640	5,420	8,060	
2016 and prior	9,118	28,158	37,276	
Taxes Receivable, End of Year	\$ 21,747	\$ 56,012	\$ 77,759	
	2019	2018	2017	2016
Property Valuations:				
Land	\$ 58,934,020	\$ 58,963,850	\$ 58,865,700	\$ 58,111,120
Improvements	290,022,013	284,021,783	289,983,109	295,315,420
Personal Property	7,346,490	6,059,590	4,551,280	4,942,040
Exemptions	(21,052,326)	(20,378,765)	(19,494,337)	(20,335,861)
Total Property Valuations	\$ 335,250,197	\$ 328,666,458	\$ 333,905,752	\$ 338,032,719
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.34	\$ 0.41	\$ 0.375	\$ 0.34
Debt service tax rates	0.85	0.76	0.770	0.78
Total Tax Rates per \$100 Valuation	\$ 1.19	\$ 1.17	\$ 1.145	\$ 1.12
Adjusted Tax Levy:	\$ 3,989,477	\$ 3,845,398	\$ 3,823,221	\$ 3,785,966
Percentage of Taxes Collected to Taxes Levied **	99.47%	99.71%	99.79%	99.78%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 2, 1999

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

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2010--by Years
 August 31, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2021</u>	<u>\$ 55,000</u>	<u>\$ 2,613</u>	<u>\$ 57,613</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2012A Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 225,000	\$ 13,650	\$ 238,650
2022	230,000	6,900	236,900
	<u>\$ 455,000</u>	<u>\$ 20,550</u>	<u>\$ 475,550</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2013--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 85,000	\$ 49,238	\$ 134,238
2022	90,000	46,688	136,688
2023	95,000	43,988	138,988
2024	100,000	41,138	141,138
2025	105,000	38,138	143,138
2026	110,000	34,988	144,988
2027	120,000	31,688	151,688
2028	125,000	28,088	153,088
2029	130,000	24,338	154,338
2030	140,000	20,275	160,275
2031	145,000	15,900	160,900
2032	155,000	11,006	166,006
2033	165,000	5,775	170,775
	<u>\$ 1,565,000</u>	<u>\$ 391,248</u>	<u>\$ 1,956,248</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2014 Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 445,000	\$ 86,888	\$ 531,888
2022	455,000	73,538	528,538
2023	105,000	59,888	164,888
2024	110,000	56,475	166,475
2025	110,000	52,900	162,900
2026	115,000	48,500	163,500
2027	115,000	43,900	158,900
2028	125,000	39,300	164,300
2029	125,000	34,300	159,300
2030	130,000	29,300	159,300
2031	135,000	24,100	159,100
2032	140,000	18,700	158,700
2033	145,000	12,750	157,750
2034	155,000	6,588	161,588
	<u>\$ 2,410,000</u>	<u>\$ 587,127</u>	<u>\$ 2,997,127</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-5. Long-Term Debt Service Requirements
Series 2014A--by Years
August 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 175,000	\$ 120,050	\$ 295,050
2022	175,000	114,800	289,800
2023	175,000	109,550	284,550
2024	175,000	103,863	278,863
2025	170,000	98,175	268,175
2026	170,000	92,650	262,650
2027	170,000	86,913	256,913
2028	170,000	81,175	251,175
2029	170,000	75,225	245,225
2030	170,000	69,275	239,275
2031	170,000	62,900	232,900
2032	170,000	56,525	226,525
2033	170,000	49,725	219,725
2034	170,000	42,925	212,925
2035	170,000	35,913	205,913
2036	170,000	28,900	198,900
2037	170,000	21,675	191,675
2038	170,000	14,450	184,450
2039	170,000	7,225	177,225
	<u>\$ 3,250,000</u>	<u>\$ 1,271,914</u>	<u>\$ 4,521,914</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2014B Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 335,000	\$ 175,223	\$ 510,223
2022	350,000	165,005	515,005
2023	715,000	154,330	869,330
2024	740,000	132,523	872,523
2025	870,000	109,953	979,953
2026	885,000	83,418	968,418
2027	910,000	56,425	966,425
2028	940,000	28,670	968,670
	<u>\$ 5,745,000</u>	<u>\$ 905,547</u>	<u>\$ 6,650,547</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
August 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 50,000	\$ 73,125	\$ 123,125
2022	50,000	72,125	122,125
2023	50,000	70,875	120,875
2024	50,000	69,500	119,500
2025	75,000	68,125	143,125
2026	75,000	66,063	141,063
2027	75,000	64,000	139,000
2028	75,000	61,750	136,750
2029	250,000	59,500	309,500
2030	375,000	52,000	427,000
2031	125,000	40,750	165,750
2032	125,000	37,000	162,000
2033	125,000	33,094	158,094
2034	125,000	29,188	154,188
2035	150,000	25,125	175,125
2036	150,000	20,250	170,250
2037	150,000	15,188	165,188
2038	150,000	10,125	160,125
2039	150,000	5,063	155,063
	<u>\$ 2,375,000</u>	<u>\$ 872,846</u>	<u>\$ 3,247,846</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Park--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 50,000	\$ 29,075	\$ 79,075
2022	50,000	27,825	77,825
2023	50,000	26,575	76,575
2024	50,000	25,263	75,263
2025	50,000	23,950	73,950
2026	50,000	22,450	72,450
2027	50,000	20,950	70,950
2028	50,000	19,450	69,450
2029	75,000	17,950	92,950
2030	75,000	15,700	90,700
2031	75,000	13,450	88,450
2032	75,000	11,200	86,200
2033	90,000	8,950	98,950
2034	100,000	6,250	106,250
2035	100,000	3,125	103,125
	<u>\$ 990,000</u>	<u>\$ 272,163</u>	<u>\$ 1,262,163</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 115,000	\$ 164,556	\$ 279,556
2022	115,000	162,256	277,256
2023	115,000	159,669	274,669
2024	115,000	156,219	271,219
2025	265,000	152,769	417,769
2026	260,000	144,819	404,819
2027	260,000	137,019	397,019
2028	255,000	129,219	384,219
2029	1,040,000	121,569	1,161,569
2030	955,000	90,369	1,045,369
2031	980,000	60,525	1,040,525
2032	625,000	29,900	654,900
2033	295,000	9,588	304,588
	<u>\$ 5,395,000</u>	<u>\$ 1,518,477</u>	<u>\$ 6,913,477</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2016 Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 10,000	\$ 76,850	\$ 86,850
2022	65,000	76,550	141,550
2023	65,000	74,600	139,600
2024	65,000	73,300	138,300
2025	65,000	72,000	137,000
2026	65,000	69,400	134,400
2027	65,000	66,800	131,800
2028	65,000	64,200	129,200
2029	65,000	61,600	126,600
2030	80,000	59,000	139,000
2031	350,000	55,800	405,800
2032	350,000	41,800	391,800
2033	345,000	27,800	372,800
2034	350,000	14,000	364,000
	<u>\$ 2,005,000</u>	<u>\$ 833,700</u>	<u>\$ 2,838,700</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
August 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 25,000	\$ 268,069	\$ 293,069
2022	25,000	267,069	292,069
2023	25,000	266,069	291,069
2024	25,000	265,069	290,069
2025	25,000	264,069	289,069
2026	45,000	263,288	308,288
2027	45,000	261,881	306,881
2028	70,000	260,475	330,475
2029	70,000	258,288	328,288
2030	70,000	256,013	326,013
2031	70,000	253,738	323,738
2032	395,000	251,463	646,463
2033	610,000	237,638	847,638
2034	1,000,000	216,288	1,216,288
2035	1,000,000	181,288	1,181,288
2036	1,005,000	146,288	1,151,288
2037	1,005,000	111,113	1,116,113
2038	1,010,000	75,938	1,085,938
2039	1,015,000	38,063	1,053,063
	<u>\$ 7,535,000</u>	<u>\$ 4,142,107</u>	<u>\$ 11,677,107</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 121
 TSI-5. Long-Term Debt Service Requirements
 Series 2019A Refunding--by Years
 August 31, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 150,000	\$ 108,125	\$ 258,125
2022	150,000	103,625	253,625
2023	400,000	99,125	499,125
2024	415,000	87,125	502,125
2025	165,000	74,675	239,675
2026	170,000	71,375	241,375
2027	170,000	67,975	237,975
2028	180,000	64,575	244,575
2029	185,000	60,525	245,525
2030	190,000	55,900	245,900
2031	190,000	50,675	240,675
2032	200,000	45,450	245,450
2033	215,000	39,450	254,450
2034	390,000	33,000	423,000
2035	165,000	21,300	186,300
2036	175,000	16,350	191,350
2037	180,000	11,100	191,100
2038	190,000	5,700	195,700
	<u>\$ 3,880,000</u>	<u>\$ 1,016,050</u>	<u>\$ 4,896,050</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 121
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
August 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 1,720,000	\$ 1,167,462	\$ 2,887,462
2022	1,755,000	1,116,381	2,871,381
2023	1,795,000	1,064,669	2,859,669
2024	1,845,000	1,010,475	2,855,475
2025	1,900,000	954,754	2,854,754
2026	1,945,000	896,951	2,841,951
2027	1,980,000	837,551	2,817,551
2028	2,055,000	776,902	2,831,902
2029	2,110,000	713,295	2,823,295
2030	2,185,000	647,832	2,832,832
2031	2,240,000	577,838	2,817,838
2032	2,235,000	503,044	2,738,044
2033	2,160,000	424,770	2,584,770
2034	2,290,000	348,239	2,638,239
2035	1,585,000	266,751	1,851,751
2036	1,500,000	211,788	1,711,788
2037	1,505,000	159,076	1,664,076
2038	1,520,000	106,213	1,626,213
2039	1,335,000	50,351	1,385,351
	<u>\$ 35,660,000</u>	<u>\$ 11,834,342</u>	<u>\$ 47,494,342</u>

See accompanying auditors' report.

	Bond Issue			
	Series 2010	Series 2012	Series 2012A Refunding	Series 2013
Interest rate	4.0% - 4.75%	2.5% - 5.0%	2.0% - 4.0%	3.0% - 5.0%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/10 - 9/1/21	9/1/13 - 9/1/20	9/1/13 - 9/1/22	9/1/14 - 9/1/33
Beginning bonds outstanding	\$ 110,000	\$ 55,000	\$ 670,000	\$ 1,645,000
Bonds retired	(55,000)	(55,000)	(215,000)	(80,000)
Ending bonds outstanding	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 1,565,000</u>
Interest paid during fiscal year	<u>\$ 5,225</u>	<u>\$ 2,200</u>	<u>\$ 20,100</u>	<u>\$ 51,638</u>
Paying agent's name and city				
Series 2010	Wells Fargo Bank, N.A., Houston, TX			
Series 2011	Wells Fargo Bank, N.A., Fort Worth, TX			
Series 2012 and 2012A	Wells Fargo Bank, N.A., Dallas, TX			
Series 2013, 2014, 2014A, 2015, 2015 Park, 2015 Refunding, 2016 Refunding, 2019 and 2019A Refunding	The Bank of New York Mellon Trust Company, N.A., Dallas, TX			
Series 2014B	Branch Banking and Trust Company; N.A., Charlotte, NC			
	Water, Sewer and Drainage		Refunding	
Bond Authority:	Bonds	Park Bonds	Bonds	
Amount Authorized by Voters	\$ 52,000,000	\$ 7,100,000	\$ 31,200,000	
Amount Issued	(47,910,000)	(1,240,000)	(1,422,961)	
Remaining To Be Issued	<u>\$ 4,090,000</u>	<u>\$ 5,860,000</u>	<u>\$ 29,777,039</u>	

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

Debt Service Fund cash and investment balances as of August 31, 2020: \$ 1,400,008

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,499,702

See accompanying auditors' report.

Bond Issue

Series 2014 Refunding	Series 2014A	Series 2014B Refunding	Series 2015	Series 2015 Park	Series 2015 Refunding
2.0% - 4.25%	3.0% - 4.25%	3.05%	2.0% - 3.375%	2.0% - 3.125%	2.0% - 3.25%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/15 - 9/1/34	9/1/15 - 9/1/39	9/1/15 - 9/1/28	9/1/16 - 9/1/39	9/1/16 - 9/1/35	9/1/16 - 9/1/33
\$ 3,140,000	\$ 3,425,000	\$ 5,770,000	\$ 2,425,000	\$ 1,040,000	\$ 5,515,000
(730,000)	(175,000)	(25,000)	(50,000)	(50,000)	(120,000)
<u>\$ 2,410,000</u>	<u>\$ 3,250,000</u>	<u>\$ 5,745,000</u>	<u>\$ 2,375,000</u>	<u>\$ 990,000</u>	<u>\$ 5,395,000</u>
<u>\$ 108,788</u>	<u>\$ 125,300</u>	<u>\$ 175,985</u>	<u>\$ 74,125</u>	<u>\$ 30,325</u>	<u>\$ 166,956</u>

	Bond Issue			Totals
	Series 2016 Refunding	Series 2019	Series 2019A Refunding	
Interest rate	2.0% - 4.00%	3.125% - 4.0%	2.0% - 4.0%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/17 - 9/1/34	9/1/20 - 9/1/39	9/1/20 - 9/1/38	
Beginning bonds outstanding	\$ 2,015,000	\$ 7,560,000	\$ 3,965,000	\$ 37,335,000
Bonds retired	(10,000)	(25,000)	(85,000)	(1,675,000)
Ending bonds outstanding	<u>\$ 2,005,000</u>	<u>\$ 7,535,000</u>	<u>\$ 3,880,000</u>	<u>\$ 35,660,000</u>
Interest paid during fiscal year	<u>\$ 77,050</u>	<u>\$ 269,069</u>	<u>\$ 110,675</u>	<u>\$ 1,217,436</u>

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 121
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	\$ 1,136,076	\$ 1,347,261	\$ 1,246,833	\$ 1,146,087	\$ 1,063,493
City of Richmond rebate	12,814	17,751	11,264	11,005	5,415
Miscellaneous	6,063	21,227			
Investment earnings	17,312	33,147	19,662	8,955	3,414
Total Revenues	<u>1,172,265</u>	<u>1,419,386</u>	<u>1,277,759</u>	<u>1,166,047</u>	<u>1,072,322</u>
Expenditures					
Operating and administration					
Professional fees	142,803	200,661	258,697	323,573	195,950
Contracted services	390,979	395,855	401,057	414,526	389,239
Repairs and maintenance	214,607	262,408	209,693	204,634	187,880
Utilities	94,329	102,569	88,875	75,517	6,991
Administrative	48,448	59,689	64,171	59,837	61,902
Other	4,020	4,120	4,020	4,020	5,163
Capital outlay			242,261		50,000
Total Expenditures	<u>895,186</u>	<u>1,025,302</u>	<u>1,268,774</u>	<u>1,082,107</u>	<u>897,125</u>
Revenues Over Expenditures	<u>\$ 277,079</u>	<u>\$ 394,084</u>	<u>\$ 8,985</u>	<u>\$ 83,940</u>	<u>\$ 175,197</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
97%	96%	97%	98%	99%
1%	1%	1%	1%	1%
1%	1%			
1%	2%	2%	1%	*
100%	100%	100%	100%	100%
12%	14%	20%	28%	18%
33%	28%	31%	36%	36%
18%	18%	16%	18%	18%
8%	7%	7%	6%	1%
4%	4%	5%	5%	6%
*	*	*	*	*
		19%		5%
75%	71%	98%	93%	84%
25%	29%	2%	7%	16%

Fort Bend County Municipal Utility District No. 121
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	\$2,839,575	\$ 2,499,012	\$ 2,558,601	\$ 2,632,573	\$ 2,666,784
Penalties and interest	23,291	22,129	16,724	24,676	31,032
Accrued interest on bonds sold					216
Investment earnings	21,555	66,567	44,707	20,493	8,726
Total Revenues	<u>2,884,421</u>	<u>2,587,708</u>	<u>2,620,032</u>	<u>2,677,742</u>	<u>2,706,758</u>
Expenditures					
Tax collection services	64,018	55,219	52,965	55,768	52,726
Debt service					
Principal	1,675,000	1,590,000	1,560,000	1,520,000	1,465,000
Interest and fees	1,225,285	1,246,414	1,093,710	1,141,056	1,152,461
Debt issuance costs		160,576			100,482
Payment to refunded bond escrow agent					41,000
Total Expenditures	<u>2,964,303</u>	<u>3,052,209</u>	<u>2,706,675</u>	<u>2,716,824</u>	<u>2,811,669</u>
Revenues Under Expenditures	<u>\$ (79,882)</u>	<u>\$ (464,501)</u>	<u>\$ (86,643)</u>	<u>\$ (39,082)</u>	<u>\$ (104,911)</u>
Total Active Retail Water Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
98%	96%	97%	98%	99%
1%	1%	1%	1%	1%
				*
1%	3%	2%	1%	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
58%	61%	60%	57%	54%
42%	48%	42%	43%	43%
	6%			4%
				2%
102%	117%	104%	102%	105%
(2%)	(17%)	(4%)	(2%)	(5%)

Fort Bend County Municipal Utility District No. 121
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended August 31, 2020

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): July 9, 2019
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
William Lowry	05/20 - 05/24	\$ 4,350	\$ 251	President
Ronald Castillo	05/18 - 05/22	2,100	133	Vice President
Paul Schaub	05/20 - 05/24	1,950	186	Secretary
Jesse Matthews	05/14 - 10/19	300	26	Former Director
Macie Allen	10/19 - 05/22	450	53	Assistant Secretary
Jorge Diaz	7/20 - 05/22			Assistant Vice President
Consultants				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	8/03	<u>Amounts Paid</u> \$ 71,391		Attorney
Levee Management Services, L.P.	7/12	76,666		Operator
McLennan & Associates, L.P.	04/04	23,795		Bookkeeper
Tax Tech, Inc.	02/00	19,236		Tax Collector
Fort Bend Central Appraisal District	Legislation	34,869		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/01	2,451		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	11/99	132,620		Engineer
McGrath & Co., PLLC	12/09	11,750		Auditor
Masterson Advisors LLC	05/18			Financial Advisor

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

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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