

**OFFICIAL STATEMENT DATED MAY 12, 2021**

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

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

**NEW ISSUE - Book-Entry Only**

**Ratings: S&P Global Ratings (AGM Insured).... "AA" (stable outlook)  
Moody's Investors Service, Inc. (AGM Insured) .... "A2" (stable outlook)  
Moody's Investors Service, Inc. (Underlying) .... "Baa1" (stable outlook)  
See BOND INSURANCE" and "RATINGS" herein**

**\$8,610,000**  
**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 155**  
**(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)**  
**UNLIMITED TAX REFUNDING BONDS, SERIES 2021A**

**Dated: June 1, 2021**

**Due: September 1, as shown  
on inside cover**

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

The Bonds maturing on and after September 1, 2027, are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 155 (the "District"), as a whole or in part, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer").



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**See Maturity Schedule on the inside cover**

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

Neither the State of Texas, the City of Rosenberg, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Rosenberg, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas. Delivery of the Bonds is expected through the facilities of DTC on or about June 17, 2021.

**SAMCO CAPITAL MARKETS**

**RBC CAPITAL MARKETS**

## MATURITY SCHEDULE

CUSIP Prefix (a): 34682V

<b>Maturity (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Initial Reoffering Yield (b)</b>	<b>CUSIP Suffix (a)</b>
2021	\$85,000	3.00%	0.33%	KT1
2022	45,000	3.00	0.44	KU8
2023	250,000	3.00	0.50	KV6
2024	255,000	3.00	0.71	KW4
2025	265,000	3.00	0.90	KX2
2026	280,000	3.00	1.00	KY0
2027 (c)	290,000	2.00	1.11	KZ7
2028 (c)	300,000	2.00	1.23	LA1
2029 (c)	310,000	2.00	1.36	LB9
2030 (c)	315,000	2.00	1.56	LC7
2031 (c)	330,000	2.00	1.72	LD5
2032 (c)	335,000	2.00	1.85	LE3
2033 (c)	350,000	2.00	1.96	LF0
2034 (c)	990,000	2.00	2.02	LG8
2035 (c)	1,015,000	2.00	2.07	LH6
2036 (c)	1,035,000	2.00	2.16	LJ2
2037 (c)	1,065,000	2.00	2.20	LK9
2038 (c)	1,095,000	2.00	2.24	LL7

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

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APPENDIX A - LOCATION MAP

APPENDIX B - FINANCIAL REPORT

APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

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

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

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

## SALE AND DISTRIBUTION OF THE BONDS

### Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC (“RBC”) (together referred to herein as the “Underwriters”) have agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for \$8,584,615.95 (an amount equal to the principal amount of the Bonds, less an Underwriters’ discount of \$61,131.00, plus a net original issue premium on the Bonds of \$35,746.95), plus accrued interest on the Bonds to the date of delivery. The obligation of the Underwriters to purchase the Bonds is subject to the conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

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

### Prices and Marketability

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

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## Securities Laws

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

## BOND INSURANCE

### Bond Insurance Policy

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

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

### Assured Guaranty Municipal Corp.

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

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

#### *Current Financial Strength Ratings*

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

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

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

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

#### *Capitalization of AGM*

At March 31, 2021:

- The policyholders' surplus of AGM was approximately \$2,805 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$959 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,121 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

#### *Merger of MAC into AGM*

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

#### *Incorporation of Certain Documents by Reference*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference

are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

#### *Miscellaneous Matters*

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

### **BOND INSURANCE RISK FACTORS**

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

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

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

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

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

### **RATINGS**

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC, and "A2" (stable outlook) from Moody's Investors Service, Inc. ("Moody's") based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody's is "Baa1" (stable outlook).

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

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



## OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

### THE BONDS

The Issuer .....	Fort Bend County Municipal Utility District No. 155 (the “District”) is a political subdivision of the State of Texas located within Fort Bend County, Texas. See “THE DISTRICT - Authority.”
Description .....	\$8,610,000 Unlimited Tax Refunding Bonds, Series 2021A, are dated June 1, 2021, and mature on September 1 in the years and principal amounts shown on the inside cover page of this Official Statement. Interest on the Bonds accrues from June 1, 2021, and is payable on September 1, 2021 (three-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. The Bonds maturing on and after September 1, 2027, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2026, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See “THE BONDS.”
Book-Entry-Only System .....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment .....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”



Use of Bond Proceeds . . . . . Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$1,825,000 in principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds") and \$6,345,000 in principal amount of the District's Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2013 Bonds and Series 2014 Bonds that are being refunded by the Bonds are hereinafter referred to collectively as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Escrow Agent"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

Payment Record . . . . . The District has previously issued Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), the Series 2013 Bonds, the Series 2014 Bonds, Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2016A (the "Series 2016A Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds") and Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"). The District also has issued Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2018A (the "Series 2018A Refunding Bonds") to refund certain outstanding bonds of the District. All of such previously issued bonds of the District are hereinafter referred to as the "Prior Bonds." The District has never defaulted in the timely payment of principal or interest on the Prior Bonds. As of March 2, 2021, the principal amount of the Prior Bonds that has not been previously retired by the District is \$36,080,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be \$27,910,000 (the "Remaining Outstanding Bonds") and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$36,520,000.

Authorized But Unissued Bonds . . . . . \$55,870,000 bonds for water, sewer and drainage facilities \$61,450,000 bonds for refunding purposes (after issuance of the Bonds), and \$11,000,000 for recreational facilities will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and that the District is financing with the proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the

	District in the future. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”
Municipal Bond Insurance . . . . .	Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”
Municipal Bond Ratings . . . . .	S&P Global Ratings (AGM Insured) “AA” (stable outlook). Moody’s Investors Service, Inc. (AGM Insured) “A2” (stable outlook). Moody’s Investors Service, Inc. (Underlying) “Baa1” (stable outlook). See “BOND INSURANCE” and “RATINGS.”
Legal Opinions . . . . .	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”
Verification Agent . . . . .	Robert Thomas CPA, LLC. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.”
Qualified Tax-Exempt Obligations . . . . .	The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

THE DISTRICT

Description . . . . .	Fort Bend County Municipal Utility District No. 155, a political subdivision of the State of Texas, was created by the TCEQ, on August 26, 2005, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently contains approximately 592.76 acres of land. The District is located entirely within Fort Bend County, Texas, and entirely within the extraterritorial jurisdiction of the City of Rosenberg, Texas (the “City”), approximately 30 miles southwest of the central business district of the City of Houston. The District is located approximately two miles south of U.S. Highway 59, one-half mile south of F.M. 762 and one mile west of Berdett Road. The District lies wholly within the Lamar Consolidated Independent School District. See “THE DISTRICT - Authority” and - “Description,” “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”
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Development of the District and Home Construction . . . . .	As of April 15, 2021, the District contained 1,667 homes, including 39 homes under construction. According to the District’s Engineer, components of the System and street paving have been completed to serve the entirety of the developable land located within the District, which includes a total of 1,667 fully developed single-family residential lots (approximately 577.2 total acres). See “DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION.” According to Beazer Homes, it is currently constructing homes in Bonbrook Plantation South which range in size
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from approximately 1,725 to 3,399 square feet of living area and in sales price from approximately \$175,990 to \$270,990. Reference is made in this Official Statement to Beazer Homes as the “Builder.” The Builder may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

Reading Alliance LLC has constructed an approximately 4,350 square foot gas station and convenience store on approximately 1.37 acres located within the District. Reading Alliance LLC owns approximately 1.72 additional acres of land located within the District that are expected to be utilized for future commercial purposes.

The balance of the land located with the District consists of acres contained within street and/or drainage easements, rights-of-way, lakes and storm water detention ponds, or acres that are otherwise not available for development, as are acres that are located within the platted areas of some of the aforementioned subdivisions. See “TAX DATA - Principal 2020 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

The District financed two lift stations to serve Bonbrook Plantation, water distribution, wastewater collection and storm drainage facilities (the “System”) to serve Bonbrook Plantation North, Sections 1 through 14 and Bonbrook Plantation South, Sections 1 through 10, and along Reading Road; and Bonbrook Plantation Detention Ponds, A through G, and other facilities, plus connection charges to the City of Rosenberg associated with the City’s provision of water supply to the District (“Connection Charges”) for 1,667 lots with a portion of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Connection Charges that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District will finance the acquisition or construction of additional components of the System and additional Connection Charges with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Infectious Disease Outbreak  
(COVID-19) .....

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

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values 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 some of the data 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.

### **INVESTMENT CONSIDERATIONS**

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

**SELECTED FINANCIAL INFORMATION**  
(Unaudited)

2020 Assessed Valuation .....	\$ 380,553,495 (a)
(As of January 1, 2020)	
See "TAX DATA" and "TAXING PROCEDURES"	
Estimated Valuation at January 1, 2021 .....	\$ 407,396,621 (b)
(As of January 1, 2021)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt:	
Remaining Outstanding Bonds .....	\$ 27,910,000
The Bonds .....	<u>8,610,000</u>
Total .....	\$ 36,520,000 (c)
Estimated Overlapping Debt .....	\$ <u>26,065,205</u>
Total Direct and Estimated Overlapping Debt .....	\$ <u>62,585,205</u>
Direct Debt Ratios	
: as a percentage of 2020 Assessed Valuation.....	9.60 %
: as a percentage of Estimated Valuation at January 1, 2021 .....	8.96 %
Direct and Overlapping Debt Ratios	
: as a percentage of 2020 Assessed Valuation.....	16.45 %
: as a percentage of Estimated Valuation at January 1, 2021 .....	15.36 %
Debt Service Fund Balance Estimated as of Delivery of the Bonds.....	\$ 4,114,151 (d)
General Fund Balance as of April 12, 2021.....	\$ 3,708,907
2020 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$ 0.61
Maintenance Tax.....	<u>0.39</u>
Total .....	\$ 1.00 (e)
Average Percentage of Total Tax Collections (2010-2019) as of March 31, 2021 .....	99.99 %
Percentage of Tax Collections (2020) as of March 31, 2021	
(In process of collection.).....	98.06 %
Average Annual Debt Service Requirements on the Bonds and the	
Remaining Outstanding Bonds (2021-2040).....	\$ 2,369,713
Maximum Annual Debt Service Requirements on the Bonds and the	
Remaining Outstanding Bonds (2040).....	\$ 2,598,781
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds	
(2021-2040) at 95% Tax Collections	
Based Upon 2020 Assessed Valuation.....	\$ 0.66
Based Upon Estimated Valuation at January 1, 2021 .....	\$ 0.62

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2040) at 95% Tax Collections

Based Upon 2020 Assessed Valuation.....	\$	0.72
Based Upon Estimated Valuation at January 1, 2021 .....	\$	0.68

Number of Single-Family Residences (Including 39 Residences Under Construction) as of April 15, 2021 .....	1,667
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- (a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
  - (b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2021, and includes estimates of value resulting from the development and construction of taxable improvements from January 1, 2020, through December 31, 2020. The valuation of such additional improvements constructed from January 1, 2020, through December 31, 2020, which will be included in the District's 2021 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2021. See "TAXING PROCEDURES."
  - (c) In addition to the components of the System and Connection Charges that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System and additional Connection Charges with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
  - (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution by the District of \$11,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2021, which are due on September 1, 2021, total \$1,673,678, and consist of the payment of interest on the Remaining Outstanding Bonds and principal of and a three-month interest payment on the Bonds.
  - (e) The District levied a debt service tax in the amount of \$0.61 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District is \$2.722307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**\$8,610,000**  
**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 155**  
**UNLIMITED TAX REFUNDING BONDS**  
**SERIES 2021A**

**INTRODUCTION**

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 155 (the “District”) of its Unlimited Tax Refunding Bonds, Series 2021A (the “Bonds”). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended, an election held within the District and a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

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

**THE BONDS**

**General**

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

**Book-Entry-Only System**

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

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



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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

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

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

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

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

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



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

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

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

### **Use of Certain Terms in Other Sections of this Official Statement**

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

### **Record Date**

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

### **Assignments, Transfers and Exchanges**

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

## **Redemption Provisions**

The Bonds maturing on and after September 1, 2027, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book- entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

## **Replacement of Registrar**

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

## **Authority for Issuance**

At an election held within the District on November 8, 2005, the District authorized a total of \$96,000,000 bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, \$62,400,000 for refunding purposes and \$11,000,000 for recreational facilities. The Bonds are issued pursuant to the Bond Resolution, an election held within the District, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, and Article XVI, Section 59 of the Texas Constitution.

## **Source of Payment**

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

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

## **Issuance of Additional Debt**

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$96,000,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage/detention facilities (the "System"), and could authorize additional amounts. Following the issuance of the Bonds, \$55,870,000 unlimited tax bonds will remain authorized but unissued. The District's voters also have authorized \$62,400,000 unlimited tax bonds for refunding purposes, \$61,450,000 of which remain authorized but unissued, and \$11,000,000 unlimited tax bonds for recreational facilities, all of which remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ). In addition to the components

of the System and Connection Charges that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District will finance the acquisition or construction of additional components of the System and additional Connection Charges with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Pursuant to an agreement with the City, the District has submitted a fire plan, that does not include the issuance of bonds, to the TCEQ and the District's voters, and the plan has been approved. Before the District could issue bonds to fund a fire plan, the following actions would be required: (a) authorization of a revised fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the City and the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Voters of the District approved the issuance of \$11,000,000 park bonds on November 8, 2005. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval by the City of Rosenberg, Texas (the "City") of the District's issuance of bonds for park purposes; (b) approval of the park project and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. When the District issues park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District.

### **No Arbitrage**

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

### **Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Rosenberg, the District must conform to a City of Rosenberg consent ordinance. Generally, the District may be annexed by the City of Rosenberg without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership," below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

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

### **Strategic Partnership**

The District has entered a Strategic Partnership Agreement with the City dated September 6, 2016, one of the provisions of which states that the City will not annex and dissolve the District earlier than 25 years from the date of the Strategic Partnership Agreement.

### **Consolidation**

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

### **Registered Owners' Remedies**

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

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

### **Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

The District may not be placed into bankruptcy involuntarily.

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

### **Defeasance**

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable 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. The foregoing obligations may be in book entry form and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

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

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

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

## PLAN OF FINANCING

### Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$1,825,000 in principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds") and \$6,345,000 in principal amount of the District's Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2013 Bonds and Series 2014 Bonds that are being refunded by the Bonds are hereinafter referred to collectively as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Escrow Agent"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

### The Refunded Bonds

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

<u>Maturity Date</u>	<u>Series 2013 Refunded Bonds Principal Amount</u>	<u>Series 2014 Refunded Bonds Principal Amount</u>
9/1/2023	\$ 25,000	\$ 180,000
9/1/2024	25,000	185,000
9/1/2025	25,000	195,000
9/1/2026	25,000	205,000
9/1/2027	25,000	215,000
9/1/2028	25,000	230,000
9/1/2029	25,000	240,000
9/1/2030	25,000	250,000
9/1/2031	25,000	270,000
9/1/2032	25,000	280,000
9/1/2033	25,000	300,000
9/1/2034	475,000	500,000
9/1/2035	525,000	495,000
9/1/2036	550,000	515,000
9/1/2037		1,115,000
9/1/2038		<u>1,170,000</u>
	<u>\$1,825,000</u>	<u>\$6,345,000</u>
 Redemption Date:	 6/17/21	 9/1/21
 Aggregate Principal Amount of Refunded Bonds	 .....	 \$8,170,000

## **Escrow Agreement**

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

The Bond Resolution provides that the District and the Escrow Agent will enter into an escrow agreement (the “Escrow Agreement”). The Bond Resolution further provides that from the proceeds of the sale of the Bonds, along with certain other legally available funds of the District, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.” Such funds will be held by the Escrow Agent in a segregated escrow account (the “Escrow Fund”) and a portion of such funds will be used to purchase (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the “Escrowed Securities”), maturing at such times and amounts as will, together with cash on deposit in the Escrow Fund, be sufficient to pay scheduled payments on the Refunded Bonds to and including their respective redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

## **Defeasance of the Refunded Bonds**

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



### **The Non-Refunded Bonds (Remaining Outstanding Bonds)**

The District has previously issued Unlimited Tax Bonds, Series 2008 (the “Series 2008 Bonds”), Unlimited Tax Bonds, Series 2011 (the “Series 2011 Bonds”), the Series 2013 Bonds, the Series 2014 Bonds, Unlimited Tax Bonds, Series 2016 (the “Series 2016 Bonds”), Unlimited Tax Bonds, Series 2016A (the “Series 2016A Bonds”), Unlimited Tax Bonds, Series 2018 (the “Series 2018 Bonds”), Unlimited Tax Bonds, Series 2019 (the “Series 2019 Bonds”) and Unlimited Tax Bonds, Series 2021 (the “Series 2021 Bonds”). The District also has issued Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2018A (the “Series 2018A Refunding Bonds”) to refund certain outstanding bonds of the District. All of such previously issued bonds of the District are hereinafter referred to as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. As of March 2, 2021, the principal amount of the Prior Bonds that has not been previously retired by the District is \$36,080,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District's Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be \$27,910,000 (the “Remaining Outstanding Bonds”) and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$36,520,000. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See “THE BONDS - Authority for Issuance,” and - “Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

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

<u>Maturity</u>	<u>Series 2013</u> <u>Bonds</u>	<u>Series 2014</u> <u>Bonds</u>	<u>Series 2015</u> <u>Refunding Bonds</u>	<u>Series 2016</u> <u>Bonds</u>	<u>Series 2016A</u> <u>Bonds</u>	<u>Series 2018</u> <u>Bonds</u>	<u>Series 2018A</u> <u>Refunding Bonds</u>	<u>Series 2019</u> <u>Bonds</u>	<u>Series 2021</u> <u>Bonds</u>
9/1/21	\$ 25,000	\$ 160,000	\$ 300,000	\$ 115,000	\$ 125,000	\$ 200,000	\$ 70,000	\$ 120,000	
9/1/22	25,000	165,000	310,000	120,000	130,000	210,000	75,000	125,000	
9/1/23			320,000	115,000	140,000	215,000	75,000	130,000	\$ 40,000
9/1/24			335,000	120,000	140,000	225,000	80,000	135,000	40,000
9/1/25			345,000	120,000	155,000	240,000	80,000	140,000	45,000
9/1/26			355,000	125,000	155,000	250,000	85,000	140,000	45,000
9/1/27			370,000	120,000	165,000	260,000	90,000	145,000	45,000
9/1/28			380,000	125,000	175,000	270,000	85,000	150,000	50,000
9/1/29			395,000	125,000	180,000	285,000	90,000	160,000	55,000
9/1/30			405,000	130,000	190,000	295,000	100,000	165,000	55,000
9/1/31			420,000	125,000	200,000	310,000	100,000	170,000	60,000
9/1/32			435,000	130,000	215,000	325,000	100,000	175,000	65,000
9/1/33				130,000	175,000	340,000	600,000	180,000	65,000
9/1/34				135,000	185,000	355,000		190,000	70,000
9/1/35				135,000	195,000	370,000		195,000	75,000
9/1/36				140,000	200,000	385,000		200,000	75,000
9/1/37				135,000	215,000	405,000		210,000	80,000
9/1/38				140,000	220,000	420,000		215,000	85,000
9/1/39				1,355,000	235,000	440,000		225,000	90,000
9/1/40				1,420,000	245,000	460,000		230,000	95,000
9/1/41						480,000		240,000	100,000
9/1/42						500,000		245,000	105,000
9/1/43								255,000	110,000
	\$50,000	\$325,000	\$4,370,000	\$5,060,000	\$3,640,000	\$7,240,000	\$1,635,000	\$4,140,000	\$1,450,000

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) ..... \$27,910,000

**Sources and Uses of Funds**

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

**SOURCES OF FUNDS:**

Principal Amount of Bonds .....	\$8,610,000.00
Plus: Net Original Issue Premium .....	35,746.95
Accrued Interest .....	8,177.78
Issuer Contribution .....	<u>11,000.00</u>
Total Sources of Funds .....	\$8,664,924.73

**USES OF FUNDS:**

Deposit with Escrow Agent .....	\$8,310,520.31
Deposit Accrued Interest to Bond Fund .....	8,177.78
Expenses:	
Underwriters Discount .....	61,131.00
Municipal Bond Insurance Premium and Other Issuance Expenses. ....	<u>285,095.64</u>
Total Uses of Funds .....	\$8,664,924.73

**THE DISTRICT**

**Authority**

The District is a municipal utility district created by an order of the TCEQ, dated August 26, 2005, pursuant to the authority of Chapter 54, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The creation of the District was confirmed at an election held within the District on November 8, 2005. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

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

The District also is authorized to construct, develop and maintain park and recreational facilities. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

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

**Description**

The District currently contains approximately 592.76 acres of land. The District is located entirely within Fort Bend County, Texas, and entirely within the extraterritorial jurisdiction of the City of Rosenberg, Texas, approximately 30 miles southwest of the central business district of the City of Houston. The District is located approximately two miles

south of U.S. Highway 59, one-half mile south of F.M. 762 and one mile west of Berdett Road. The District lies wholly within the Lamar Consolidated Independent School District. See “AERIAL PHOTOGRAPH OF THE DISTRICT” and “APPENDIX A - LOCATION MAP.”

**Management of the District**

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

The current members and officers of the Board, along with their respective terms of office, are listed below.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Donna Johnson	President	2024
Brett Telford	Vice President	2022
Christina Garcia	Assistant Vice President	2024
Jessica Robach	Secretary	2022
Dwayne Grigar	Assistant Secretary	2024

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

**Tax Assessor/Collector**

The District has engaged the Fort Bend County Tax Assessor/Collector, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

**Bookkeeper**

The District has engaged McLennan & Associates, L.P. as the District's Bookkeeper. According to McLennan & Associates, L.P., it currently serves approximately 100 districts as bookkeeper.

**Utility System Operator**

The District has engaged Si Environmental, LLC as the District’s Operator. According to Si Environmental, LLC, it currently serves approximately 100 districts as operator.

**Auditor**

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's current auditor is McGrath & Co., PLLC, Certified Public Accountants. A copy of the District's audit for the fiscal year ended April 30, 2020, which was prepared by McGrath & Co., PLLC, is included as “APPENDIX B” to this Official Statement.

## **Consulting Engineers**

The District has employed the firm of LJA Engineering, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System. In addition, various other engineers are engaged by the District in connection with the design and construction of portions of the System.

## **Bond Counsel**

The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

## **Financial Advisor**

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

## **DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION**

As of April 15, 2021, the District contained 1,667 homes, including 39 homes under construction. According to the District’s Engineer, components of the System and street paving have been completed to serve the entirety of the developable land located within the District, which includes of a total of 1,667 fully developed single-family residential lots (approximately 577.2 total acres). According to Beazer Homes, it is currently constructing homes in Bonbrook Plantation South which range in size from approximately 1,725 to 3,399 square feet of living area and in sales price from approximately \$175,990 to \$270,990. Reference is made in this Official Statement to Beazer Homes as the “Builder.” The Builder may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

Reading Alliance LLC has constructed an approximately 4,350 square foot gas station and convenience store on approximately 1.37 acres located within the District. Reading Alliance LLC owns approximately 1.72 additional acres of land located within the District that are expected to be utilized for future commercial purposes.

The balance of the land located with the District consists of acres contained within street and/or drainage easements, rights-of-way, lakes and storm water detention ponds, or acres that are otherwise not available for development, as are acres that are located within the platted areas of some of the aforementioned subdivisions. See “TAX DATA - Principal 2020 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

The District financed two lift stations to serve Bonbrook Plantation, water distribution, wastewater collection and storm drainage facilities (the “System”) to serve Bonbrook Plantation North, Sections 1 through 14 and Bonbrook Plantation South, Sections 1 through 10, and along Reading Road; and Bonbrook Plantation Detention Ponds, A through G, and other facilities, plus connection charges to the City of Rosenberg associated with the City’s provision of water supply to the District (“Connection Charges”) for 1,667 lots with a portion of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Connection Charges that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE SYSTEM”), the District will finance the acquisition or construction of additional components of

the System and additional Connection Charges with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.

The following table reflects the status of residential development and home construction within the District as of April 15, 2021:

Subdivision	Lots				Homes				Totals
	Fully Developed		Under Development		Under Construction		Completed		
	Lots	Acres	Lots	Acres	Sold (1)	Unsold	Sold (1)	Unsold	
Bonbrook Plantation North									
Section 1	108	47.7			0	0	108	0	108
Section 2	104	30.6			0	0	104	0	104
Section 3	44	25.0			0	0	44	0	44
Section 4	44	12.2			0	0	44	0	44
Section 5	41	10.5			0	0	41	0	41
Section 6	40	9.2			0	0	40	0	40
Section 7	34	9.1			0	0	34	0	34
Section 8	28	8.4			0	0	28	0	28
Section 9	66	15.1			0	0	66	0	66
Section 10	39	12.2			0	0	39	0	39
Section 11	35	8.9			0	0	35	0	35
Section 12	34	8.5			0	0	34	0	34
Section 13	88	19.5			0	0	88	0	88
Section 14	60	23.5			0	0	60	0	60
Bonbrook Plantation South									
Section 1	150	61.4			0	0	150	0	150
Section 2	118	34.7			0	0	118	0	118
Section 3	65	18.1			0	0	65	0	65
Section 4	87	28.7			0	0	87	0	87
Section 5	115	49.8			0	0	115	0	115
Section 6	70	38.5			6	0	64	0	70
Section 7	56	15.3			12	0	44	0	56
Section 8	55	18.5			20	1	34	0	55
Section 9	96	35.3			0	0	96	0	96
Section 10	<u>90</u>	<u>36.5</u>			<u>0</u>	<u>0</u>	<u>90</u>	<u>0</u>	<u>90</u>
Totals	1,667	577.2			38	1	1,628	0	1,667

(1) Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval and inspection.



**AERIAL PHOTOGRAPH OF THE DISTRICT**  
**(taken February 2021)**





PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken February 2021)





PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken February 2021)



**DISTRICT DEBT**

**Debt Service Requirement Schedule**

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

<u>Year Ending December 31</u>	<u>Current Total Debt Service</u>	<u>Less: Debt Service on Refunded Bonds</u>	<u>Plus: – The Bonds –</u>		<u>Current Total New Debt Service Requirements</u>
			<u>Principal (Due 3/1)</u>	<u>Interest</u>	
2021	\$2,268,156	\$155,378	\$85,000	\$46,000	\$2,243,778
2022	2,298,119	310,756	45,000	181,450	2,213,813
2023	2,346,156	515,756	250,000	180,100	2,260,500
2024	2,357,269	514,606	255,000	172,600	2,270,263
2025	2,381,094	518,244	265,000	164,950	2,292,800
2026	2,383,069	521,519	280,000	157,000	2,298,550
2027	2,393,581	524,463	290,000	148,600	2,307,719
2028	2,407,619	532,075	300,000	142,800	2,318,344
2029	2,429,056	533,600	310,000	136,800	2,342,256
2030	2,441,313	534,200	315,000	130,600	2,352,713
2031	2,455,863	544,450	330,000	124,300	2,365,713
2032	2,477,875	544,000	335,000	117,700	2,386,575
2033	2,479,881	551,800	350,000	111,000	2,389,081
2034	2,511,006	1,188,800	990,000	104,000	2,416,206
2035	2,523,094	1,194,800	1,015,000	84,200	2,427,494
2036	2,526,881	1,199,000	1,035,000	63,900	2,426,781
2037	2,547,888	1,206,400	1,065,000	43,200	2,449,688
2038	2,559,769	1,216,800	1,095,000	21,900	2,459,869
2039	2,573,344				2,573,344
2040	2,598,781				2,598,781
2041	885,644				885,644
2042	888,319				888,319
2043	374,988				374,988
	<u>\$51,108,765</u>	<u>\$12,306,647</u>	<u>\$8,610,000</u>	<u>\$2,131,100</u>	<u>\$49,543,219</u>

Average Annual Requirements (2021-2040) .....	\$ 2,369,713
Maximum Annual Requirement (2040) .....	\$ 2,598,781

**Bonded Indebtedness**

2020 Assessed Valuation .....	\$	380,553,495 (a)
(As of January 1, 2020)		
See "TAX DATA" and "TAXING PROCEDURES"		
Estimated Valuation at January 1, 2021 .....	\$	407,396,621 (b)
(As of January 1, 2021)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Remaining Outstanding Bonds .....	\$	27,910,000
The Bonds .....		<u>8,610,000</u>
Total .....	\$	36,520,000 (c)
Estimated Overlapping Debt .....	\$	<u>26,065,205</u>
Total Direct and Estimated Overlapping Debt .....	\$	<u>62,585,205</u>
Direct Debt Ratios		
: as a percentage of 2020 Assessed Valuation.....		9.60 %
: as a percentage of Estimated Valuation at January 1, 2021 .....		8.96 %
Direct and Overlapping Debt Ratios		
: as a percentage of 2020 Assessed Valuation.....		16.45 %
: as a percentage of Estimated Valuation at January 1, 2021 .....		15.36 %
Debt Service Fund Balance Estimated as of Delivery of the Bonds.....	\$	4,114,151 (d)
General Fund Balance as of April 12, 2021.....	\$	3,708,907
2020 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax .....	\$	0.61
Maintenance Tax .....		<u>0.39</u>
Total .....	\$	1.00 (e)

- 
- (a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2021, and includes estimates of value resulting from the development and construction of taxable improvements from January 1, 2020, through December 31, 2020. The valuation of such additional improvements constructed from January 1, 2020, through December 31, 2020, which will be included in the District's 2021 tax roll, may vary significantly from this estimate when the Appraisal Review Board certifies the value of District property for 2021. See "TAXING PROCEDURES."
- (c) In addition to the components of the System and Connection Charges that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System and additional Connection Charges with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution by the District of \$11,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2021, which are due on September 1, 2021, total \$1,673,678, and consist of the payment of interest on the Remaining Outstanding Bonds and principal of and a three-month interest payment on the Bonds.
- (e) The District levied a debt service tax in the amount of \$0.61 per \$100 of Assessed Valuation for 2020, plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District, plus the 2020 tax of the District is \$2.722307 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

### Estimated Direct and Overlapping Debt Statement

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

<u><b>Taxing Jurisdiction</b></u>	<u><b>Debt as of January 1, 2021</b></u>	<u><b>Estimated Overlapping Percent</b></u>	<u><b>Amount</b></u>
Fort Bend County	\$664,849,310	0.4953%	\$3,293,193
Lamar Consolidated Independent School District	1,138,945,000	1.9994	<u>22,772,012</u>
Total Estimated Overlapping Debt			\$26,065,205
The District (the Bonds and the Remaining Outstanding Bonds)			<u>36,520,000</u>
Total Direct & Estimated Overlapping Debt			\$62,585,205

**Debt Ratios**

	<u>% of 2020 Assessed Valuation</u>	<u>% of Estimated Valuation at January 1, 2021</u>
Direct Debt .....	9.60%	8.96%
Direct and Estimated Overlapping Debt .....	16.45%	15.36%

**TAX DATA**

**Debt Service Tax**

All taxable property located within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, sufficient to pay principal of and interest on the Remaining Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Resolution to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax of \$0.61 per \$100 of Assessed Valuation for 2020, as is described below under the caption "Tax Rate Distribution."

**Tax Rate Limitation**

- Debt Service: Unlimited (no legal limit as to rate or amount).
- Maintenance: \$1.50 per \$100 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 8, 2005, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any tax bonds which may be issued in the future. The District levied a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2020, as is described below under the caption "Tax Rate Distribution."

## Historical Values and Tax Collection History

The following statement of tax collections sets forth, in condensed form, the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate (a)</u>	<u>Adjusted Levy</u>	<u>% Collections</u>	
				<u>Current &amp; Prior Years (b)</u>	<u>Year Ending 9/30</u>
2010	\$ 75,847,902	\$ 1.39	\$ 1,054,286	100.00%	2011
2011	90,516,075	1.39	1,258,173	100.00	2012
2012	97,418,612	1.39	1,354,119	100.00	2013
2013	106,106,380	1.39	1,474,714	100.00	2014
2014	138,252,271	1.29	1,791,157	100.00	2015
2015	186,391,323	1.14	2,124,861	100.00	2016
2016	248,013,123	1.04	2,579,212	100.00	2017
2017	289,027,276	1.02	2,946,250	100.00	2018
2018	316,953,909	1.00	3,166,533	99.95	2019
2019	344,699,378	1.00	3,446,994	99.95	2020
2020	380,553,495	1.00	3,805,535	98.06 (c)	2021

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through March 31, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective levy) is not reflected in this statement.

(c) As of March 31, 2021. In process of collection.

## Tax Rate Distribution

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Service	\$0.61	\$0.64	\$0.64	\$0.64	\$0.64
Maintenance & Operations	<u>0.39</u>	<u>0.36</u>	<u>0.36</u>	<u>0.38</u>	<u>0.40</u>
Total	\$1.00	\$1.00	\$1.00	\$1.02	\$1.04



## Analysis of Tax Base

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

<u>Type of Property</u>	<u>2020</u>		<u>2019</u>		<u>2018</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$ 61,730,820	16.22%	\$ 57,621,460	16.71%	\$ 53,273,850	16.81%
Improvements	325,852,730	85.63	293,401,960	85.01	269,792,900	85.12
Personal Property	1,835,910	0.48	1,544,730	0.34	1,320,760	0.42
Exemptions	<u>(8,865,965)</u>	<u>(2.33)</u>	<u>(8,366,861)</u>	<u>(2.28)</u>	<u>(7,433,601)</u>	<u>(2.35)</u>
Total	\$380,553,495	100.00%	\$344,201,289	100.00%	\$316,953,909	100.00%

<u>Type of Property</u>	<u>2017</u>		<u>2016</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$ 49,221,260	17.03%	\$ 45,601,360	18.39%
Improvements	244,884,270	84.73	210,565,800	84.90
Personal Property	1,531,000	0.53	1,303,120	0.53
Exemptions	<u>(6,609,254)</u>	<u>(2.29)</u>	<u>(9,457,157)</u>	<u>(3.82)</u>
Total	\$289,027,276	100.00%	\$248,013,123	100.00%

## Principal 2020 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2020. The information reflects the composition of property ownership reflected on the District's 2020 tax roll.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2020 Taxable Value</u>	<u>% of 2020 Tax Roll</u>
Beazer Homes Texas, L.P.	Land and Improvements	\$2,528,990	0.66%
Reading Alliance LLC	Land and Improvements	2,086,110	0.55
D.R. Horton - Texas Ltd.	Land and Improvements	1,455,720	0.38
Brookland South, LLC	Land and Improvements	1,387,960	0.36
Centerpoint Energy Electric	Personal Property	1,115,420	0.29
Brookland North, LLC	Land and Improvements	1,045,130	0.27
HPA II Texas SUB 2019-1 LLC	Land and Improvements	498,800	0.13
Homeowner	Land and Improvements	476,220	0.13
Walia Learning Group, LLC	Land	474,850	0.12
Homeowner	Land and Improvements	<u>371,430</u>	<u>0.10</u>
		\$11,440,630	3.01%

## Tax Exemption

The District has not granted any exemptions from taxation for the 2021 tax year. See "TAXING PROCEDURES."

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2020 Assessed Valuation or the Estimated Valuation at January 1, 2021. The calculations assume collection of 95% of taxes levied, no use of District funds on hand other than tax collections, and the sale of no bonds by the District except the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2021-2040) .....	\$2,369,713
Tax Rate of \$0.66 on the 2020 Assessed Valuation (\$380,553,495) produces.....	\$2,386,070
Tax Rate of \$0.62 on the Estimated Valuation at January 1, 2021 (\$407,396,621) produces .....	\$2,399,566
Maximum Annual Debt Service Requirement (2040) .....	\$2,598,781
Tax Rate of \$0.72 on the 2020 Assessed Valuation (\$380,553,495) produces.....	\$2,602,986
Tax Rate of \$0.68 on the Estimated Valuation at January 1, 2021 (\$407,396,621) produces .....	\$2,631,782

The District levied a debt service tax in the amount of \$0.61 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2020. As the above table indicates, the 2020 debt service tax rate is not sufficient to pay the average annual and maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Assessed Valuation or the Estimated Valuation at January 1, 2021, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” However, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District had collected an average of 99.99% of its 2010 through 2019 tax levies as of March 31, 2021, and its 2020 tax levy was 98.06% collected as of such date. In addition, the District's Debt Service Fund balance is estimated to be \$4,114,151 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B – FINANCIAL REPORT”). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2020 - \$0.61 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

## Estimated Overlapping Taxes

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

<u>Taxing Jurisdiction</u>	<u>2020 Tax Rate/\$100</u>
Fort Bend County	\$0.453207
Lamar Consolidated Independent School District	1.269100
The District (i)	<u>1.000000</u>
TOTAL TAX RATE	\$2.722307

- (i) The District has levied a total tax rate of \$1.00 per \$100 of Assessed Valuation for 2020, consisting of debt service and maintenance taxes of \$0.61 and \$0.39 per \$100 of Assessed Valuation, respectively.

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

## TAXING PROCEDURES

### Authority to Levy Taxes

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

### Property Tax Code and County-wide Appraisal District

Title 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 the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board").

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

### **Property Subject to Taxation by the District**

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

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not granted a general residential homestead exemption for 2020. See "TAX DATA - Exemptions."

**Freeport Goods Exemption:** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into

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

### **Tax Abatement**

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

### **Valuation of Property for Taxation**

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

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the

Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

### **District and Taxpayer Remedies**

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

### **Levy and Collection of Taxes**

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



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

## **Rollback of Operation and Maintenance Tax Rate**

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

### *Special Taxing Units*

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

### *Developed Districts*

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

### *Developing Districts*

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

## *The District*

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

### **Additional Penalties**

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

### **District's Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS -Tax Collection Limitations."

The 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.

## **THE SYSTEM**

### **Regulation**

According to the District's Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Fort Bend County and the City also exercise regulatory jurisdiction over the District's System. The total number of equivalent

single-family connections (“ESFCs”) estimated at this time for the District upon the full development of its approximately 592.76 acres is 1,703 with a total estimated population of 4,198 people. The following descriptions are based upon information supplied by the District’s Engineer.

### **Description**

The District financed two lift stations to serve Bonbrook Plantation, water distribution, wastewater collection and storm drainage facilities (the “System”) to serve Bonbrook Plantation North, Sections 1 through 14 and Bonbrook Plantation South, Sections 1 through 10, and along Reading Road; and Bonbrook Plantation Detention Ponds, A through G, and other facilities, plus connection charges to the City of Rosenberg associated with the City’s provision of water supply to the District (“Connection Charges”) for 1,667 lots with a portion of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Connection Charges that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of the sale of additional bonds, if any, in the future. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

### **Water Supply**

The District receives its water supply from the City pursuant to the Water Supply and Wastewater Services Agreement (the “Service Agreement”) between the City and Bonbrook Plantation, L.P. and Beazer Homes, L.P., dated February 22, 2005. The Service Agreement was assigned to the District on October 19, 2005; the First Supplement was dated December 18, 2012, and the First Amendment was dated March 15, 2016. The District has constructed approximately 45' of 12" water line to connect to the City’s existing water main along Benton Road. The City’s water supply is from various groundwater sources obtained by the City. The City has agreed to supply the District with all of its requirements for potable water supply and wastewater treatment in consideration of the payment of Connection Charges. The City’s current Connection Fee is \$3,471.00 for water.

The District and the City are within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The authority of the District and the City to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the “Plan”) to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District’s jurisdiction. Under the Plan, the City was required to have a groundwater reduction plan (“GRP”) in place by 2008. In 2008, the City developed a GRP, which is a regional groundwater reduction plan to reduce regional groundwater usage. The District is included within the City’s GRP. The City currently charges the District a monthly pumpage fee per 1,000 gallons of groundwater pumped.

### **Wastewater Treatment**

The District’s wastewater treatment is provided by a 980,000 gallon-per-day first, second, third and fourth phases of the regional interim wastewater treatment plant operated by Fort Bend County Municipal Utility District No. 152. The plant was built and is maintained according to an agreement among the District, Fort Bend County Municipal Utility District No. 152 and Fort Bend County Municipal Utility District No. 158. Pursuant to the agreement, the District is entitled to 42.91% of the capacity of the plant. According to the District’s Engineer, based upon current flow into the plant, the District’s share of such capacity is sufficient to provide service to all 1,667 single-family residential lots that have been developed in the District to date. It is planned that, in the future, wastewater from the districts will be diverted to a planned City of Rosenberg permanent regional wastewater treatment plant and that the interim plant will be abandoned.

### **Outfall Drainage Channel**

Storm water from within the District generally drains through underground lines to detention ponds, and outfalls to Gapps Slough. The District financed its portion of the cost of construction of detention pond and drainage facilities with portions of the sale of the Prior Bonds.

## 100-Year Flood Plain

According to the District's Engineer, none of the developed land located within the District is located within the current 100-year flood plain as shown on the FIRM for Fort Bend County, Texas and Incorporated Areas (Firm Panel 240 of 550) dated April 2, 2014, and the Letter of Map Revision dated June 12, 2018.

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

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

## INVESTMENT CONSIDERATIONS

### General

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

### Factors Affecting Taxable Values and Tax Payments

**Economic Factors:** The maintenance of or the potential increase in taxable valuation of the District are directly related to the vitality of the residential housing industry, and can be significantly affected by factors such as interest rates, construction costs, and consumer demand. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and

the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Continued fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the value of existing homes (see “Potential Effects of Oil Price Fluctuations on the Houston Area” below). Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION,” (i) the development of the entirety of the developable land located within the District, consisting of 1,667 single-family residential lots, is complete, (ii) as of January 1, 2021, the District contained 1,667 single-family homes (including 39 homes under construction), and (iii) the Builder is currently constructing homes in the District as is described in this Official Statement, the District cannot predict the pace or magnitude of any future home construction in the District other than that which has occurred to date.

**National Economy:** The housing and homebuilding industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although, as is stated above under “Economic Factors,” and as described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION,” (i) the development of the entirety of the developable land located within the District, consisting of 1,667 single-family residential lots is complete, (ii) as of January 1, 2021, the District contained 1,667 single-family homes (including 39 homes under construction), and (iii) the Builder is currently constructing homes in the District, the District cannot predict the pace or magnitude of any future home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically.

**Credit Markets and Liquidity in the Financial Markets:** Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued home construction within the District. In addition, since the District is located approximately 30 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District’s property tax base.

**Maximum Impact on District Tax Rates:** Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 Assessed Valuation of property located within the District is \$380,553,495. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds will be \$2,598,781 (2040) and the average annual debt service requirements will be \$2,369,713 (2021 through 2040, inclusive). Assuming no increase to nor decrease from the 2020 Assessed Valuation, tax rates of \$0.72 and \$0.66 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Remaining Outstanding Bonds, assuming no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds. The Estimated Valuation at January 1, 2021, of property located within the District is \$407,396,621. Assuming no increase to nor decrease from the Estimated Valuation at January 1, 2021, tax rates of \$0.68 and \$0.62 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum



annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Remaining Outstanding Bonds, assuming no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds. See “TAX DATA - Tax Rate Calculations.”

The District levied a debt service tax rate of \$0.61 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2020. As is illustrated above, the 2020 debt service tax rate is not sufficient to pay the average annual debt service requirements and the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds assuming taxable values in the District at the level of the 2020 Assessed Valuation or the Estimated Valuation at January 1, 2021, assuming collection of 95% of taxes levied, assuming no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds. However, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District has collected an average of 99.99% of its 2010 through 2019 tax levies as of March 31, 2021, and its 2020 tax levy was 98.06% collected as of such date. Moreover, the District’s Debt Service Fund balance is estimated to be \$4,114,151 as of the date of delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B - FINANCIAL REPORT”). Therefore, the District anticipates that it will be able to meet debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2020 - \$0.61 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

Increases in the District’s tax rate to substantially higher levels than the debt service rate of \$0.61 per \$100 of Assessed Valuation which the District levied for 2020 (plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation) may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District’s tax rate, will be competitive with the tax rates of competing projects. See “TAX DATA - Estimated Overlapping Taxes,” “TAXING PROCEDURES,” and “THE BONDS - Registered Owners’ Remedies.”

### **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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court’s stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer’s right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.



## **Registered Owners' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

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

The District may not be placed into bankruptcy involuntarily.

## **Marketability**

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

## **Future Debt**

The District reserved in the Bond Resolution the right to issue the remaining \$55,870,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the \$61,450,000 for refunding purposes, the \$11,000,000 for recreational facilities and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$55,870,000 bonds for waterworks, wastewater and drainage facilities and the \$11,000,000 bonds for recreational facilities is also subject to TCEQ authorization. In addition to the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities and Connection Charges that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District will finance the acquisition or construction of additional components of the System and additional Connection Charges with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt."

If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

## Continuing Compliance with Certain Covenants

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

## Approval of the Bonds

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

## Environmental Regulations

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

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

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

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

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

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA’s decision to eliminate the anti-backsliding requirements that had applied in the

HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

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

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

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

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

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

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

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

and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for 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.

### **Tax Payment Installments after Disaster**

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.

## **Extreme Weather Events**

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

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator, the District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, according to the District's Operator and Engineer, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes within the District.

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

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

## **Changes in Tax Legislation**

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

## **Infectious Disease Outbreak (COVID-19)**

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

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



information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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

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

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

#### **Potential Effects of Oil Price Fluctuation on the Houston Area**

The recent fluctuation 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.

### **LEGAL MATTERS**

#### **Legal Opinions**

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," except for the information under the subheading "Book-Entry-Only System," "PLAN OF FINANCING - The Refunded Bonds," - "Escrow Agreement," and "Defeasance of the Refunded Bonds," "THE DISTRICT - Management of the District - Bond



Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions”, “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by McCall Parkhurst & Horton L.L.P., Houston, Texas. McCall Parkhurst & Horton L.L.P. has acted as Disclosure Counsel for the District on certain previous new money financings.

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

#### **No-Litigation Certificate**

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

#### **No Material Adverse Change**

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

### **TAX MATTERS**

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

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the

Underwriters with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. The District will further rely on the report of Robert Thomas CPA, LLC, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

### **Tax Accounting Treatment of Original Issue Discount Bonds**

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which

such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

### **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 District as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

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

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

### **VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS**

Robert Thomas CPA, LLP, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the

mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) the mathematical computations related to certain requirements of City of Rosenberg Ordinance No. 2016-22.

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

## **OFFICIAL STATEMENT**

### **General**

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

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

### **Experts**

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

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

### **Certification as to Official Statement**

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

## **Updating of Official Statement**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

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

## **Annual Reports**

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT" and "TAX DATA" and in "APPENDIX B" (the Audit). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2021.

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

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

## **Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all



or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

### **Availability of Information**

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB through its EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of such Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

### **Compliance With Prior Undertakings**

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



This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 155 as of the date shown on the first page hereof.

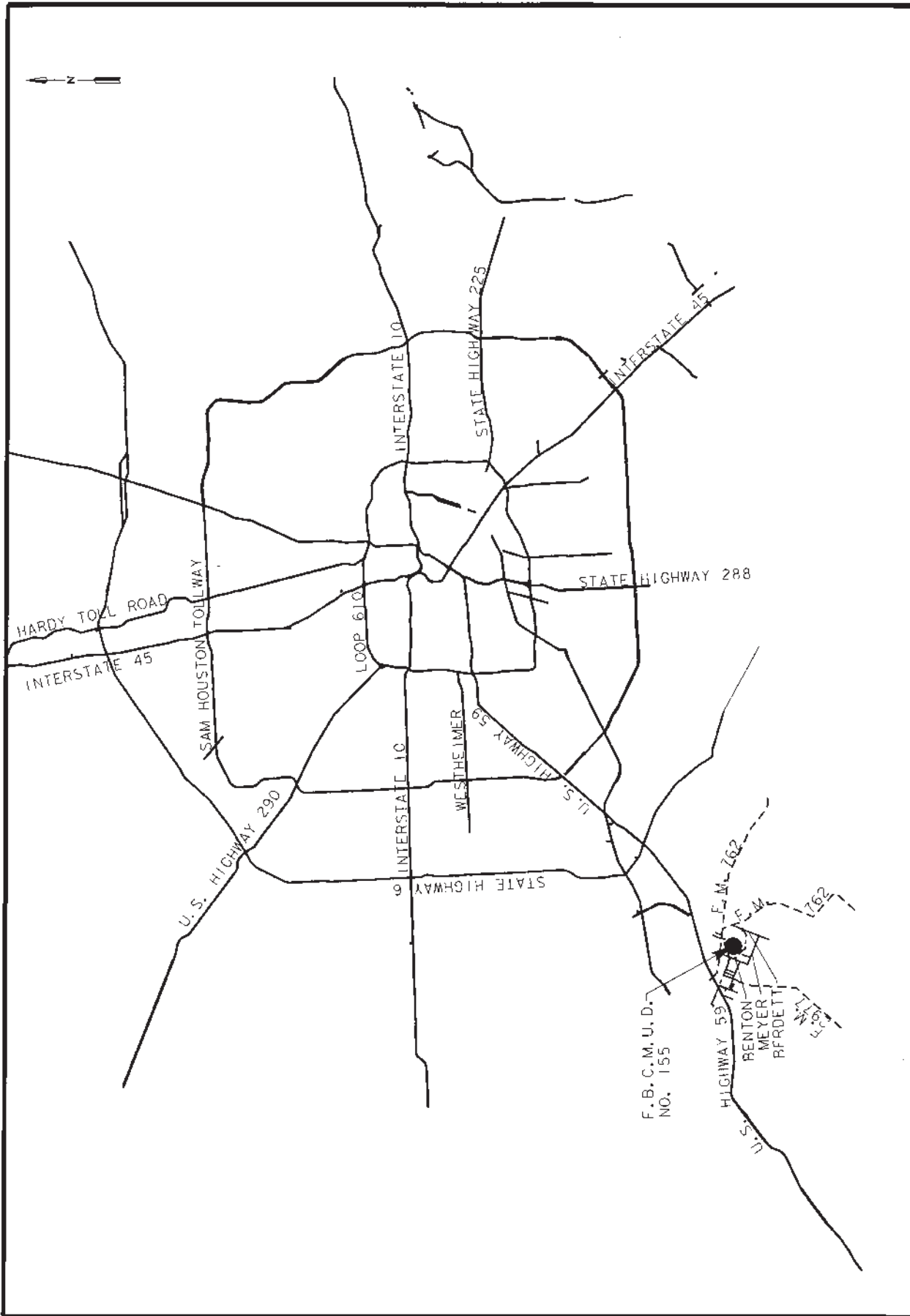
/s/ Donna Johnson  
President, Board of Directors  
Fort Bend County Municipal  
Utility District No. 155

ATTEST:

/s/ Jessica Robach  
Secretary, Board of Directors  
Fort Bend County Municipal  
Utility District No. 155



APPENDIX A  
LOCATION MAP



FORT BEND COUNTY M.U.D. NO. 155 VICINITY MAP  
SCALE: NONE



**APPENDIX B**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 155**

**FORT BEND COUNTY, TEXAS**

**FINANCIAL REPORT**

**APRIL 30, 2020**





**FORT BEND COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 155**

**FORT BEND COUNTY, TEXAS**

**FINANCIAL REPORT**

**April 30, 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. 155  
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. 155, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these 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. 155  
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. 155, as of April 30, 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.

*McGuire & Co, P.C.*

Houston, Texas  
August 10, 2020



## **Management's Discussion and Analysis**

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***Fort Bend County Municipal Utility District No. 155  
Management's Discussion and Analysis  
April 30, 2020***

**Using this Annual Report**

Within this section of the financial report of Fort Bend County Municipal Utility District No. 155 (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 April 30, 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. 155**  
**Management's Discussion and Analysis**  
**April 30, 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 April 30, 2020, was negative \$1,194,129. A comparative summary of the District's overall financial position, as of April 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 7,897,352	\$ 7,696,004
Capital assets	<u>28,654,651</u>	<u>27,083,516</u>
Total assets	<u>36,552,003</u>	<u>34,779,520</u>
Total deferred outflows of resources	<u>194,124</u>	<u>209,278</u>
Current liabilities	1,694,493	1,259,149
Long-term liabilities	<u>36,245,763</u>	<u>34,884,439</u>
Total liabilities	<u>37,940,256</u>	<u>36,143,588</u>
Net position		
Net investment in capital assets	(8,233,175)	(7,732,057)
Restricted	3,781,496	3,350,879
Unrestricted	<u>3,257,550</u>	<u>3,226,388</u>
Total net position	<u>\$ (1,194,129)</u>	<u>\$ (1,154,790)</u>

**Fort Bend County Municipal Utility District No. 155**  
**Management's Discussion and Analysis**  
**April 30, 2020**

The total net position of the District decreased during the current fiscal year by \$39,339. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Water and sewer service	\$ 1,264,957	\$ 1,155,263
Property taxes, penalties and interest	3,500,648	3,220,443
Other	953,077	856,347
Total revenues	<u>5,718,682</u>	<u>5,232,053</u>
Expenses		
Current service operations	3,357,315	3,102,873
Debt interest and fees	1,150,245	1,137,674
Developer interest	259,952	
Debt issuance costs	316,385	95,496
Depreciation and amortization	674,124	551,352
Total expenses	<u>5,758,021</u>	<u>4,887,395</u>
Change in net position	(39,339)	344,658
Net position, beginning of year	<u>(1,154,790)</u>	<u>(1,499,448)</u>
Net position, end of year	<u>\$ (1,194,129)</u>	<u>\$ (1,154,790)</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of April 30, 2020, were \$7,342,360, which consists of \$3,243,429 in the General Fund, \$3,970,118 in the Debt Service Fund, and \$128,813 in the Capital Projects Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of April 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 3,764,719</u>	<u>\$ 3,537,751</u>
Total liabilities	\$ 507,169	\$ 323,389
Total deferred inflows	14,121	10,927
Total fund balance	<u>3,243,429</u>	<u>3,203,435</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,764,719</u>	<u>\$ 3,537,751</u>

***Fort Bend County Municipal Utility District No. 155  
Management's Discussion and Analysis  
April 30, 2020***

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 3,433,056	\$ 3,123,602
Total expenditures	<u>(3,393,062)</u>	<u>(2,992,680)</u>
Revenues over expenditures	<u>\$ 39,994</u>	<u>\$ 130,922</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, the provision of water and sewer services, fire protection services, and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the maintenance component of the levy remained unchanged from prior year, property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing fire protection services are based on the number of connections in the District and fluctuate as the number of connections fluctuates.
- Tap connection fees fluctuate with homebuilding activity within the District

*Debt Service Fund*

A comparative summary of the Debt Service Fund's financial position as of April 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 4,003,008</u>	<u>\$ 3,542,422</u>
Total liabilities	\$ 3,042	\$ -
Total deferred inflows	29,848	22,953
Total fund balance	<u>3,970,118</u>	<u>3,519,469</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,003,008</u>	<u>\$ 3,542,422</u>

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 2,269,549	\$ 2,094,581
Total expenditures	<u>(1,818,900)</u>	<u>(1,907,912)</u>
Revenues over expenditures	450,649	186,669
Other changes in fund balance		148,804
Net change in fund balance	<u>\$ 450,649</u>	<u>\$ 335,473</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 an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 129,625</u>	<u>\$ 615,831</u>
Total liabilities	\$ 812	\$ 11,243
Total fund balance	<u>128,813</u>	<u>604,588</u>
Total liabilities and fund balance	<u>\$ 129,625</u>	<u>\$ 615,831</u>

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 5,988	\$ 14,797
Total expenditures	<u>(4,621,763)</u>	<u>(134,471)</u>
Revenues under expenditures	(4,615,775)	(119,674)
Other changes in fund balance	4,140,000	
Net change in fund balance	<u>\$ (475,775)</u>	<u>\$ (119,674)</u>

The District has had considerable capital asset activity in the current year which was financed with proceeds from the issuance of its Series 2019 Unlimited Tax Bonds. The District had no significant capital asset activity in the prior year.



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**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 amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$292,253 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

**Capital Assets**

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

Capital assets held by the District at April 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 7,639,211	\$ 7,428,646
Capital assets being depreciated/amortized		
Infrastructure	19,919,380	18,414,935
Investment in regional facilities	3,556,180	3,556,180
Connection charges	1,965,582	1,458,816
Landscaping improvements	70,456	46,973
	<u>25,511,598</u>	<u>23,476,904</u>
Less accumulated depreciation/amortization		
Infrastructure	(3,285,593)	(2,842,939)
Investment in regional facilities	(715,782)	(636,755)
Connection charges	(483,040)	(334,824)
Landscaping improvements	(11,743)	(7,516)
	<u>(4,496,158)</u>	<u>(3,822,034)</u>
Depreciable capital assets, net	<u>21,015,440</u>	<u>19,654,870</u>
Capital assets, net	<u>\$ 28,654,651</u>	<u>\$ 27,083,516</u>

Capital asset additions during the current year include the following:

- Water, sewer, and drainage facilities to serve Bonbrook Plantation South, Section 8
- Lake "C" outfall to serve Bonbrook Plantation
- Landscaping at entrance of Bonbrook Monument

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**Long-Term Debt and Related Liabilities**

As of April 30, 2020, the District owes \$2,038,486 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.

At April 30, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2011	\$ 55,000	\$ 110,000
2013	1,900,000	1,925,000
2014	6,825,000	6,970,000
2015 Refunding	4,665,000	4,955,000
2016	5,175,000	5,275,000
2016A	3,760,000	3,865,000
2018	7,430,000	7,430,000
2018A Refunding	1,645,000	1,670,000
2019	4,140,000	
	\$ 35,595,000	\$ 32,200,000

During the current year, the District issued \$4,140,000 in unlimited tax bonds. At April 30, 2020, the District had \$57,320,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$11,000,000 for parks and recreational facilities; and \$61,890,000 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 water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2020 Actual	2021 Budget
Total revenues	\$ 3,433,056	\$ 3,325,400
Total expenditures	(3,393,062)	(3,222,826)
Revenues over expenditures	39,994	102,574
Beginning fund balance	3,203,435	3,243,429
Ending fund balance	\$ 3,243,429	\$ 3,346,003

## **Property Taxes**

The District's property tax base increased approximately \$34,093,000 for the 2020 tax year from \$344,206,169 to \$378,299,485. This increase was primarily due to new construction in the District and increased property values.

## **Infectious Disease Outlook (COVID-19)**

As further discussed in Note 16, 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. 155**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**April 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 183,945	\$ 6,189	\$ 2,410	\$ 192,544	\$ -	\$ 192,544
Investments	3,320,023	3,963,768	127,215	7,411,006		7,411,006
Taxes receivable	14,121	29,848		43,969		43,969
Customer service receivables, net	205,496			205,496		205,496
Internal balances	(102)	102				
Other receivables	1,746	3,101		4,847		4,847
Operating reserve	30,000			30,000		30,000
Prepaid items	9,490			9,490		9,490
Capital assets not being depreciated					7,639,211	7,639,211
Capital assets, net					21,015,440	21,015,440
<b>Total Assets</b>	<b>\$ 3,764,719</b>	<b>\$ 4,003,008</b>	<b>\$ 129,625</b>	<b>\$ 7,897,352</b>	<b>28,654,651</b>	<b>36,552,003</b>
<b>Deferred Outflows of Resources</b>						
Deferred difference on refunding					194,124	194,124
<b>Liabilities</b>						
Accounts payable	\$ 255,045	\$ -	\$ 812	\$ 255,857		255,857
Retainage payable	32,455			32,455		32,455
Other payables	3,322			3,322		3,322
Customer deposits	7,575			7,575		7,575
Due to other governments	208,772			208,772		208,772
Accrued interest payable		3,042		3,042	218,470	221,512
Due to developers					2,038,486	2,038,486
Long-term debt						
Due within one year					965,000	965,000
Due after one year					34,207,277	34,207,277
<b>Total Liabilities</b>	<b>507,169</b>	<b>3,042</b>	<b>812</b>	<b>511,023</b>	<b>37,429,233</b>	<b>37,940,256</b>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	14,121	29,848		43,969	(43,969)	
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Nonspendable	39,490			39,490	(39,490)	
Restricted		3,970,118	128,813	4,098,931	(4,098,931)	
Unassigned	3,203,939			3,203,939	(3,203,939)	
<b>Total Fund Balances</b>	<b>3,243,429</b>	<b>3,970,118</b>	<b>128,813</b>	<b>7,342,360</b>	<b>(7,342,360)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,764,719</b>	<b>\$ 4,003,008</b>	<b>\$ 129,625</b>	<b>\$ 7,897,352</b>		
<b>Net Position</b>						
Net investment in capital assets					(8,233,175)	(8,233,175)
Restricted for debt service					3,781,496	3,781,496
Unrestricted					3,257,550	3,257,550
<b>Total Net Position</b>					<b>\$ (1,194,129)</b>	<b>\$ (1,194,129)</b>

See notes to basic financial statements.

**Fort Bend County Municipal Utility District No. 155**

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

**For the Year Ended April 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Water service	\$ 494,910	\$ -	\$ -	\$ 494,910	\$ -	\$ 494,910
Sewer service	770,047			770,047		770,047
Property taxes	1,235,910	2,197,126		3,433,036	8,936	3,441,972
Penalties and interest	50,641	6,882		57,523	1,153	58,676
Tap connection and inspection	94,669			94,669		94,669
Surface water	358,655			358,655		358,655
Fire protection	366,210			366,210		366,210
Miscellaneous	4,839			4,839		4,839
Investment earnings	57,175	65,541	5,988	128,704		128,704
<b>Total Revenues</b>	<b>3,433,056</b>	<b>2,269,549</b>	<b>5,988</b>	<b>5,708,593</b>	<b>10,089</b>	<b>5,718,682</b>
<b>Expenditures/Expenses</b>						
Current service operations						
Purchased services	992,165			992,165		992,165
Professional fees	170,124		49,182	219,306		219,306
Contracted services	868,508			868,508		868,508
Repairs and maintenance	418,831			418,831		418,831
Utilities	7,487			7,487		7,487
Surface water	410,335			410,335		410,335
Administrative	68,090	9		68,099		68,099
Other	32,099			32,099		32,099
Pavilion project (Note 14)	340,485			340,485		340,485
Capital outlay	84,938		3,996,244	4,081,182	(4,081,182)	
Debt service						
Principal		745,000		745,000	(745,000)	
Interest and fees		1,073,891		1,073,891	76,354	1,150,245
Developer interest			259,952	259,952		259,952
Debt issuance costs			316,385	316,385		316,385
Depreciation and amortization					674,124	674,124
<b>Total Expenditures/Expenses</b>	<b>3,393,062</b>	<b>1,818,900</b>	<b>4,621,763</b>	<b>9,833,725</b>	<b>(4,075,704)</b>	<b>5,758,021</b>
<b>Revenues Over/(Under)</b>						
<b>Expenditures</b>	39,994	450,649	(4,615,775)	(4,125,132)	4,125,132	
<b>Other Financing Sources</b>						
Proceeds from sale of bonds			4,140,000	4,140,000	(4,140,000)	
<b>Net Change In Fund Balances</b>	39,994	450,649	(475,775)	14,868	(14,868)	
<b>Change in Net Position</b>					(39,339)	(39,339)
Fund Balance/Net Position						
Beginning of the year	3,203,435	3,519,469	604,588	7,327,492	(8,482,282)	(1,154,790)
<b>End of the year</b>	<b>\$ 3,243,429</b>	<b>\$ 3,970,118</b>	<b>\$ 128,813</b>	<b>\$ 7,342,360</b>	<b>\$ (8,536,489)</b>	<b>\$ (1,194,129)</b>

See notes to basic financial statements.

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***Fort Bend County Municipal Utility District No. 155***  
***Notes to Basic Financial Statements***  
***April 30, 2020***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Fort Bend County Municipal Utility District No. 155 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated August 26, 2005, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on September 2, 2005 and the first bonds were issued on July 10, 2008.

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*.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

**Use of Restricted Resources**

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Prepaid Items**

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

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2020, an allowance of \$13,000 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

**Unbilled Service Revenues**

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

**Interfund Activity**

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

**Capital Assets**

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

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20 - 45 years
Connection Charges	25 years [max]
Landscaping improvements	10 - 25 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's nonspendable fund balance consists of prepaid items and operating reserves paid to Fort Bend County Municipal Utility District No. 152 for the joint wastewater plant.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds (continued)**

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; 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. 155**  
**Notes to Basic Financial Statements**  
**April 30, 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		\$ 7,342,360
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 33,150,809	
Less accumulated depreciation/amortization	<u>(4,496,158)</u>	
Change due to capital assets		28,654,651
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.		
		194,124
Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		
		(2,038,486)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:		
Bonds payable, net	(35,172,277)	
Interest payable on bonds	<u>(218,470)</u>	
Change due to long-term debt		(35,390,747)
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	39,200	
Penalty and interest receivable	<u>4,769</u>	
Change due to property taxes		43,969
Total net position - governmental activities		<u><u>\$ (1,194,129)</u></u>

**Fort Bend County Municipal Utility District No. 155**  
**Notes to Basic Financial Statements**  
**April 30, 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	\$	14,868
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.		10,089
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds. In the government wide statements, the cost of capital assets are charged to expense over the remaining life of asset, while developer reimbursements reduce the amount due to developer.		4,081,182
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Proceeds from sale of bonds	\$	(4,140,000)
Principal payments		745,000
Interest expense accrual		(76,354)
		(3,471,354)
In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.		(674,124)
Change in net position of governmental activities	\$	(39,339)

**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. 155**  
**Notes to Basic Financial Statements**  
**April 30, 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 April 30, 2020, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 13,297	AAAm	31 days
	Capital Projects	127,215		
		<u>140,512</u>		
Texas CLASS	General	3,306,726	AAAm	55 days
	Debt Service	3,963,768		
		<u>7,270,494</u>		
Total		<u>\$ 7,411,006</u>		

**Note 3 – Deposits and Investments (continued)**

**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.

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.

**Texas CLASS**

The District also participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administrator and Wells Fargo Bank as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

**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.

**Fort Bend County Municipal Utility District No. 155**  
**Notes to Basic Financial Statements**  
**April 30, 2020**

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at April 30, 2020, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
Debt Service Fund	General Fund	\$ 102	Debt service tax collections not remitted as of year end.

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

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended April 30, 2020, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 7,428,646	\$ 210,565	\$ 7,639,211
Capital assets being depreciated/amortized			
Infrastructure	18,414,935	1,504,445	19,919,380
Investment in regional facilities	3,556,180		3,556,180
Connection charges	1,458,816	506,766	1,965,582
Landscaping improvements	46,973	23,483	70,456
	<u>23,476,904</u>	<u>2,034,694</u>	<u>25,511,598</u>
Less accumulated depreciation/amortization			
Infrastructure	(2,842,939)	(442,654)	(3,285,593)
Investment in regional facilities	(636,755)	(79,027)	(715,782)
Connection charges	(334,824)	(148,216)	(483,040)
Landscaping improvements	(7,516)	(4,227)	(11,743)
	<u>(3,822,034)</u>	<u>(674,124)</u>	<u>(4,496,158)</u>
Subtotal depreciable capital assets, net	<u>19,654,870</u>	<u>1,360,570</u>	<u>21,015,440</u>
Capital assets, net	<u>\$ 27,083,516</u>	<u>\$ 1,571,135</u>	<u>\$ 28,654,651</u>

Depreciation and amortization expenses for the current year were \$674,124.

*Fort Bend County Municipal Utility District No. 155*  
*Notes to Basic Financial Statements*  
*April 30, 2020*

**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 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.

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

Due to developers, beginning of year	\$ 3,874,410
Developer funded construction and adjustments	1,605,820
Developer reimbursements	<u>(3,441,744)</u>
Due to developers, end of year	<u><u>\$ 2,038,486</u></u>

**Note 7 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 35,595,000
Unamortized discounts	<u>(422,723)</u>
	<u><u>\$ 35,172,277</u></u>
 Due within one year	 <u><u>\$ 965,000</u></u>

**Fort Bend County Municipal Utility District No. 155**  
**Notes to Basic Financial Statements**  
**April 30, 2020**

**Note 7 – Long-Term Debt (continued)**

The District’s bonds payable at April 30, 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
2011	\$ 55,000	\$ 2,015,000	3.25% - 5.70%	September 1, 2012/2033	September 1, March 1	September 1, 2018
2013	1,900,000	2,050,000	2.00% - 4.00%	September 1, 2014/2036	September 1, March 1	September 1, 2020
2014	6,825,000	7,235,000	2.00% - 4.00%	September 1, 2017/2038	September 1, March 1	September 1, 2021
2015 Refunding	4,665,000	5,650,000	2.00% - 3.25%	September 1, 2016/2032	September 1, March 1	September 1, 2022
2016	5,175,000	5,375,000	2.00% - 3.50%	September 1, 2018/2040	September 1, March 1	September 1, 2023
2016A	3,760,000	3,970,000	2.00% - 4.50%	September 1, 2018/2040	September 1, March 1	September 1, 2023
2018	7,430,000	7,430,000	2.05% - 3.80%	September 1, 2020/2042	September 1, March 1	September 1, 2023
2018A Refunding	1,645,000	1,670,000	2.30% - 4.00%	September 1, 2019/2033	September 1, March 1	September 1, 2023
2019	4,140,000	4,140,000	2.00% - 3.00%	September 1, 2022/2043	September 1, March 1	September 1, 2024
	<u>\$ 35,595,000</u>					

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 April 30, 2020, the District had authorized but unissued bonds in the amount of \$57,320,000 for water, sewer and drainage facilities; \$11,000,000 for park and recreational facilities; and \$61,890,000 for refunding purposes.

On December 11, 2019, the District issued its \$4,140,000 Series 2019 Unlimited Tax Bonds at a net effective interest rate of 2.926488%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

*Fort Bend County Municipal Utility District No. 155*  
*Notes to Basic Financial Statements*  
*April 30, 2020*

**Note 7 – Long-Term Debt (continued)**

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

Bonds payable, beginning of year	\$ 32,200,000
Bonds issued	4,140,000
Bonds retired	<u>(745,000)</u>
Bonds payable, end of year	<u>\$ 35,595,000</u>

As of April 30, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 965,000	\$ 1,181,454	\$ 2,146,454
2022	1,115,000	1,124,663	2,239,663
2023	1,160,000	1,092,171	2,252,171
2024	1,200,000	1,059,846	2,259,846
2025	1,245,000	1,026,489	2,271,489
2026	1,300,000	990,664	2,290,664
2027	1,340,000	953,358	2,293,358
2028	1,390,000	914,358	2,304,358
2029	1,440,000	872,945	2,312,945
2030	1,500,000	828,442	2,328,442
2031	1,560,000	780,644	2,340,644
2032	1,620,000	730,076	2,350,076
2033	1,690,000	675,935	2,365,935
2034	1,750,000	626,200	2,376,200
2035	1,840,000	549,657	2,389,657
2036	1,915,000	481,545	2,396,545
2037	1,990,000	410,440	2,400,440
2038	2,080,000	335,934	2,415,934
2039	2,165,000	257,813	2,422,813
2040	2,255,000	179,069	2,434,069
2041	2,355,000	99,569	2,454,569
2042	720,000	46,350	766,350
2043	745,000	20,697	765,697
2044	255,000	3,825	258,825
	<u>\$ 35,595,000</u>	<u>\$ 15,242,144</u>	<u>\$ 50,837,144</u>

**Fort Bend County Municipal Utility District No. 155**  
**Notes to Basic Financial Statements**  
**April 30, 2020**

**Note 8 – Property Taxes**

On November 8, 2005, 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 \$1.00 per \$100 of assessed value, of which \$0.36 was allocated to maintenance and operations and \$0.64 was allocated to debt service. The resulting tax levy was \$3,442,072 on the adjusted taxable value of \$344,206,169.

Property taxes receivable, at April 30, 2020, consisted of the following:

Current year taxes receivable	\$	36,041
Prior years taxes receivable		3,159
		<u>39,200</u>
Penalty and interest receivable		4,769
Property taxes receivable	\$	<u>43,969</u>

**Note 9 – Water Supply Contract with the City of Rosenberg**

On February 22, 2005, Bonbrook Plantation, L.P. and Beazer Homes, L.P. (the “Developers”) entered into a Water Supply and Wastewater Services Agreement (the “Agreement”) with the City of Rosenberg, Texas (the “City”). The Agreement was assigned to the District by the Developers on October 19, 2005. Under the terms of the Agreement, the District will obtain water supply services from the City on a permanent basis. The District will pay the City a monthly fee for these services based on then current rates of the City’s own customers, minus any amount by which the City Council has reduced those rates. During the year ended April 30, 2020, the District recorded expenditures of \$435,503 for water used by customers of the District.

The District will pay a connection charge to the City, for each equivalent single-family connection (ESFC), to cover capital costs incurred by the City related to the provision of water supply facilities. The City will reserve water capacity to the District for payment of the connection charges. The City agreed to provide up to 1,730 ESFCs to the District. The District also owns a non-potable lake replenishment well that is in the City’s plan.



**Note 9 – Water Supply Contract with the City of Rosenberg (continued)**

The First Supplement to the Agreement (the “Supplement”), effective December 18, 2012, updated and expanded the original Agreement. Based on development at the time of the Supplement, the ultimate number of ESFC is 1,293, instead of 1,730 as originally projected. The cost of the agreed upon connections of 1,293 for water supply capacity was \$737.84 per ESFC. Any additional ESFCs, above the agreed upon 1,293, will be paid in accordance with the City’s connection charges and/or impact fees in effect at that time.

The District receives wastewater treatment services pursuant to its contracts with other Districts (See Note 11) and does not pay the City a connection charge for wastewater capacity or a monthly fee for wastewater services at this time. The District shall continue to receive wastewater treatment services by the terms of these contracts and, consequently, shall not be required to pay any connection charge to the City that is attributable to wastewater capacity for any areas within the District as of the date of the Supplement.

As of April 30, 2020, the District has paid \$1,965,582 in capacity charges to the City. The District’s developers continue to pay capacity charges to the City, on behalf of the District. These amounts are reimbursed to the developers from bond proceeds or other lawfully available funds of the District from time to time.

**Note 10 – Groundwater Reduction Plan Agreement**

The Texas Legislature created the Fort Bend Subsidence District in order to regulate groundwater pumping, and 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, on May 5, 2009, the District and the City of Rosenberg (the “City”) entered into a Groundwater Reduction Plan Participation Agreement (the “Plan”).

The Plan states that the City will be the administrator and 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 future bond proceeds issued by the City.

The District agrees to pay the City a surface water fee (“GRP Fee”) based on water pumped by or supplied by the City to the District at the rate of which the City charges to its customers. Effective January 1, 2020, the GRP rate is \$2.60 per 1,000 gallons of groundwater pumped from the District’s wells. The District passes this fee on to its customers. The Plan will remain in effect as long as the regulatory plan for surface water conversion is in effect. During the year ended April 30, 2020, the District recorded \$358,655 in revenue and \$410,335 in expenditures pursuant to this agreement.

**Note 11 – Cost-sharing Agreements for the Interim Wastewater Treatment Plant**

The District has entered into cost-sharing agreements with Fort Bend County Municipal Utility District No. 152 (MUD 152) and Fort Bend County Municipal Utility District No. 158 (MUD 158) for the construction, maintenance and operation of an interim wastewater treatment plant (WWTP). Pursuant to the terms of these agreements, MUD 152 is responsible for the operation and maintenance of the plant and will invoice the other districts on a monthly basis for their pro-rata share of the subsequent fiscal year's budgeted operating expenses. On April 6, 2016, the District entered into a cost-sharing agreement with MUD 152 and MUD 158 for the construction, maintenance and operation of phase four of the WWTP.

During the current fiscal year, the District recorded \$526,461 in operating expenditures related to these agreements. The District has also paid \$30,000 to meet the reserve requirement of the joint wastewater treatment plant.

**Note 12 – Cost-sharing Agreement for the Second Lift Station and Force Main**

On August 2, 2016, the District entered into a cost-sharing agreement with MUD 152 and MUD 158 for the construction, maintenance and operation of the second lift station and force main. Pursuant to the terms of this agreement, the District is responsible for its pro rata share of the construction costs. MUD 152 is responsible for the operation and maintenance of the lift station facilities and will invoice the other districts on an annual basis for their pro-rata share of the subsequent fiscal year's budgeted expenses. Upon completion of the second lift station facilities, the District's right of capacity in the facilities will be 42.91%, equivalent to 1,682 ESFCs, of total capacity.

During the current fiscal year, the District recorded \$30,200 in operating expenditures related to this agreement.

**Note 13 – Fire Protection Agreement**

On September 4, 2012, the District and the City of Rosenberg (the "City") entered into a Restated and Amended Fire Station Agreement (the "Agreement"). Pursuant to this agreement, the District charges \$20.00 per residential property and per 2,000 square feet of each improved nonresidential property that is connected to public water supply system. The charge can be adjusted once every two years. In return, the District will receive fire protection services for residential and commercial improvements in the District. For the year ended April 30, 2020, the District has recorded \$361,940 in fire protection fees related to this agreement.

**Note 14 – Pavilion Agreement**

On September 9, 2019, the District entered into an agreement with the Bonbrook Plantation Homeowner Association, a non-profit association (the "Association") for the purposes of designing and constructing a pavilion within the boundaries of the District. Pursuant to the agreement, the District is responsible for the design and construction of the pavilion. Upon completion of the pavilion, the Association will accept the pavilion for ownership and maintenance. During the current year, the District paid \$340,485 for design and construction of the pavilion.

**Note 15 – 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 16 – 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 COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition.

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## **Required Supplementary Information**

*Fort Bend County Municipal Utility District No. 155*

*Required Supplementary Information - Budgetary Comparison Schedule - General Fund*

*For the Year Ended April 30, 2020*

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Water service	\$ 465,000	\$ 465,000	\$ 494,910	\$ 29,910
Sewer service	710,004	710,004	770,047	60,043
Property taxes	1,119,749	1,213,428	1,235,910	22,482
Penalties and interest	49,320	49,320	50,641	1,321
Tap connection and inspection	99,880	99,880	94,669	(5,211)
Surface water	325,000	325,000	358,655	33,655
Fire protection	360,600	360,600	366,210	5,610
Miscellaneous	2,700	2,700	4,839	2,139
Investment earnings	75,600	75,600	57,175	(18,425)
<b>Total Revenues</b>	<u>3,207,853</u>	<u>3,301,532</u>	<u>3,433,056</u>	<u>131,524</u>
<b>Expenditures</b>				
Current service operations				
Purchased services	1,001,047	1,001,047	992,165	8,882
Professional fees	137,750	137,750	170,124	(32,374)
Contracted services	865,179	871,225	868,508	2,717
Repairs and maintenance	522,795	522,795	418,831	103,964
Utilities	9,180	9,180	7,487	1,693
Surface water	336,000	336,000	410,335	(74,335)
Administrative	69,813	69,813	68,090	1,723
Other	21,475	21,475	32,099	(10,624)
Pavilion project			340,485	(340,485)
Capital outlay			84,938	(84,938)
<b>Total Expenditures</b>	<u>2,963,239</u>	<u>2,969,285</u>	<u>3,393,062</u>	<u>(423,777)</u>
<b>Revenues Over Expenditures</b>	244,614	332,247	39,994	(292,253)
Fund Balance				
Beginning of the year	3,203,435	3,203,435	3,203,435	
<b>End of the year</b>	<u>\$ 3,448,049</u>	<u>\$ 3,535,682</u>	<u>\$ 3,243,429</u>	<u>\$ (292,253)</u>

**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. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.



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## **Texas Supplementary Information**

**Fort Bend County Municipal Utility District No. 155**

**TSI-1. Services and Rates**

**April 30, 2020**

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

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

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:	\$ 16.00	0	N	\$ 1.50	0	to no limit
Wastewater:	\$ 30.00	0	N	\$ 2.30	0	to no limit
Surface water:	\$ -	0	N	\$ 2.60	0	to no limit

District employs winter averaging for wastewater usage?       Yes       No

Total charges per 10,000 gallons usage:      Water \$ 57.00      Wastewater \$ 53.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
less than 3/4"	1,393	1,383	x 1.0	1,383
1"	159	158	x 2.5	395
1.5"	6	6	x 5.0	30
2"	19	19	x 8.0	152
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
<b>Total Water</b>	<b>1,577</b>	<b>1,566</b>		<b>1,960</b>
<b>Total Wastewater</b>	<b>1,552</b>	<b>1,541</b>	x 1.0	<b>1,541</b>

See accompanying auditor's report.

**Fort Bend County Municipal Utility District No. 155**

**TSI-1. Services and Rates**

**April 30, 2020**

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

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

Gallons purchased from the City of Rosenberg:	<u>165,893,000</u>	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>165,893,000</u>	<u>100.00%</u>

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

(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located: Fort Bend County

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

City(ies) in which the District is located: \_\_\_\_\_

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

Entirely  Partly  Not at all

ETJs in which the District is located: City of Rosenberg

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

If Yes, by whom? \_\_\_\_\_

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155  
TSI-2 General Fund Expenditures  
For the Year Ended April 30, 2020*

Purchased services		<u>\$ 992,165</u>
Professional fees		
Legal		108,390
Audit		13,250
Engineering		48,484
		<u>170,124</u>
Contracted services		
Bookkeeping		21,013
Operator		41,106
Garbage collection		228,616
Tap connection and inspection		80,819
Lift station		16,457
Security		98,034
Fire service		361,940
Appraisal district		20,523
		<u>868,508</u>
Repairs and maintenance		<u>418,831</u>
Utilities		<u>7,487</u>
Surface water		<u>410,335</u>
Administrative		
Directors fees		15,150
Printing and office supplies		33,193
Insurance		6,999
Other		12,748
		<u>68,090</u>
Other		<u>32,099</u>
Capital contribution		<u>340,485</u>
Capital outlay		<u>84,938</u>
Total expenditures		<u>\$ 3,393,062</u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	36,183 kWh	\$ 7,653
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*

*TSI-3. Investments*

*April 30, 2020*

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexPool	Variable	N/A	\$ 13,297
Texas CLASS	Variable	N/A	3,306,726
			<u>3,320,023</u>
Debt Service			
Texas CLASS	Variable	N/A	<u>3,963,768</u>
Capital Projects			
TexPool	Variable	N/A	<u>127,215</u>
			<u>\$ 7,411,006</u>

See accompanying auditors' report.

**Fort Bend County Municipal Utility District No. 155**

**TSI-4. Taxes Levied and Receivable**

**April 30, 2020**

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 10,927	\$ 19,344	\$ 30,271	
Adjustments	(44)	(63)	(107)	
Adjusted Receivable	10,883	19,281	30,164	
2019 Original Tax Levy	1,238,192	2,201,230	3,439,422	
Adjustments	956	1,694	2,650	
Adjusted Tax Levy	1,239,148	2,202,924	3,442,072	
Total to be accounted for	1,250,031	2,222,205	3,472,236	
Tax collections				
Current year	1,226,171	2,179,860	3,406,031	
Prior years	9,739	17,266	27,005	
Total Collections	1,235,910	2,197,126	3,433,036	
Taxes Receivable, End of Year	<u>\$ 14,121</u>	<u>\$ 25,079</u>	<u>\$ 39,200</u>	
Taxes Receivable, By Years				
2019	\$ 12,977	\$ 23,064	\$ 36,041	
2018	912	1,621	2,533	
2017	232	394	626	
Taxes Receivable, End of Year	<u>\$ 14,121</u>	<u>\$ 25,079</u>	<u>\$ 39,200</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Valuations:				
Land	\$ 57,621,350	\$ 53,273,850	\$ 49,221,260	\$ 45,601,360
Improvements	293,401,950	269,792,900	244,884,270	210,565,800
Personal Property	1,544,730	1,320,760	1,531,000	1,303,120
Exemptions	(8,361,861)	(7,445,601)	(6,621,254)	(9,457,937)
Total Property Valuations	<u>\$ 344,206,169</u>	<u>\$ 316,941,909</u>	<u>\$ 289,015,276</u>	<u>\$ 248,012,343</u>
Tax Rates per \$100 Valuation				
Maintenance tax rates	\$ 0.36	\$ 0.36	\$ 0.38	\$ 0.40
Debt service tax rates	0.64	0.64	0.64	0.64
	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.02</u>	<u>\$ 1.04</u>
Adjusted Tax Levy	<u>\$ 3,442,072</u>	<u>\$ 3,169,419</u>	<u>\$ 2,947,956</u>	<u>\$ 2,579,328</u>
Percentage of Taxes Collected to Taxes Levied **	<u>98.95%</u>	<u>99.92%</u>	<u>99.98%</u>	<u>100.00%</u>

\* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 8, 2005

\*\* 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. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2011--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
<u>2021</u>	<u>\$ 55,000</u>	<u>\$ 1,155</u>	<u>\$ 56,155</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013--by Years*  
*April 30, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 25,000	\$ 74,056	\$ 99,056
2022	25,000	73,381	98,381
2023	25,000	72,657	97,657
2024	25,000	71,907	96,907
2025	25,000	71,125	96,125
2026	25,000	70,281	95,281
2027	25,000	69,391	94,391
2028	25,000	68,469	93,469
2029	25,000	67,500	92,500
2030	25,000	66,500	91,500
2031	25,000	65,500	90,500
2032	25,000	64,500	89,500
2033	25,000	63,500	88,500
2034	25,000	62,500	87,500
2035	475,000	52,500	527,500
2036	525,000	32,500	557,500
2037	550,000	11,000	561,000
	<u>\$ 1,900,000</u>	<u>\$ 1,057,267</u>	<u>\$ 2,957,267</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 155,000	\$ 250,550	\$ 405,550
2022	160,000	245,825	405,825
2023	165,000	240,950	405,950
2024	180,000	235,775	415,775
2025	185,000	230,300	415,300
2026	195,000	224,600	419,600
2027	205,000	218,600	423,600
2028	215,000	212,300	427,300
2029	230,000	205,338	435,338
2030	240,000	197,400	437,400
2031	250,000	188,825	438,825
2032	270,000	179,725	449,725
2033	280,000	169,400	449,400
2034	300,000	157,800	457,800
2035	500,000	141,800	641,800
2036	495,000	121,900	616,900
2037	515,000	101,700	616,700
2038	1,115,000	69,100	1,184,100
2039	1,170,000	23,400	1,193,400
	<u>\$ 6,825,000</u>	<u>\$ 3,415,288</u>	<u>\$ 10,240,288</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015 Refunding--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 295,000	\$ 137,188	\$ 432,188
2022	300,000	129,738	429,738
2023	310,000	120,588	430,588
2024	320,000	111,138	431,138
2025	335,000	101,313	436,313
2026	345,000	91,113	436,113
2027	355,000	80,613	435,613
2028	370,000	69,738	439,738
2029	380,000	58,488	438,488
2030	395,000	46,616	441,616
2031	405,000	34,116	439,116
2032	420,000	20,963	440,963
2033	435,000	7,069	442,069
	<u>\$ 4,665,000</u>	<u>\$ 1,008,681</u>	<u>\$ 5,673,681</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2016--by Years*  
*April 30, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 115,000	\$ 164,713	\$ 279,713
2022	115,000	162,413	277,413
2023	120,000	160,063	280,063
2024	115,000	157,713	272,713
2025	120,000	155,288	275,288
2026	120,000	152,663	272,663
2027	125,000	149,750	274,750
2028	120,000	146,613	266,613
2029	125,000	143,319	268,319
2030	125,000	139,725	264,725
2031	130,000	135,900	265,900
2032	125,000	132,075	257,075
2033	130,000	127,925	257,925
2034	130,000	123,375	253,375
2035	135,000	118,738	253,738
2036	135,000	114,013	249,013
2037	140,000	109,200	249,200
2038	135,000	104,388	239,388
2039	140,000	99,575	239,575
2040	1,355,000	73,413	1,428,413
2041	1,420,000	24,850	1,444,850
	<u>\$ 5,175,000</u>	<u>\$ 2,695,712</u>	<u>\$ 7,870,712</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2016A--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 120,000	\$ 107,463	\$ 227,463
2022	125,000	101,950	226,950
2023	130,000	97,513	227,513
2024	140,000	94,488	234,488
2025	140,000	91,688	231,688
2026	155,000	88,738	243,738
2027	155,000	85,541	240,541
2028	165,000	81,831	246,831
2029	175,000	77,581	252,581
2030	180,000	72,694	252,694
2031	190,000	67,144	257,144
2032	200,000	61,294	261,294
2033	215,000	55,069	270,069
2034	175,000	49,219	224,219
2035	185,000	43,819	228,819
2036	195,000	38,119	233,119
2037	200,000	32,193	232,193
2038	215,000	25,833	240,833
2039	220,000	19,037	239,037
2040	235,000	11,780	246,780
2041	245,000	3,981	248,981
	<u>\$ 3,760,000</u>	<u>\$ 1,306,975</u>	<u>\$ 5,066,975</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2018--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 190,000	\$ 245,931	\$ 435,931
2022	200,000	239,837	439,837
2023	210,000	233,431	443,431
2024	215,000	226,656	441,656
2025	225,000	219,506	444,506
2026	240,000	211,950	451,950
2027	250,000	204,144	454,144
2028	260,000	196,338	456,338
2029	270,000	188,388	458,388
2030	285,000	180,063	465,063
2031	295,000	171,178	466,178
2032	310,000	161,725	471,725
2033	325,000	151,600	476,600
2034	340,000	140,793	480,793
2035	355,000	129,500	484,500
2036	370,000	117,488	487,488
2037	385,000	104,747	489,747
2038	405,000	91,163	496,163
2039	420,000	76,726	496,726
2040	440,000	61,401	501,401
2041	460,000	45,088	505,088
2042	480,000	27,750	507,750
2043	500,000	9,372	509,372
	<u>\$ 7,430,000</u>	<u>\$ 3,434,775</u>	<u>\$ 10,864,775</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2018A Refunding--by Years*  
*April 30, 2020*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 10,000	\$ 63,500	\$ 73,500
2022	70,000	63,200	133,200
2023	75,000	61,100	136,100
2024	75,000	58,850	133,850
2025	80,000	56,600	136,600
2026	80,000	53,400	133,400
2027	85,000	50,200	135,200
2028	90,000	46,800	136,800
2029	85,000	43,200	128,200
2030	90,000	39,800	129,800
2031	100,000	36,200	136,200
2032	100,000	32,200	132,200
2033	105,000	28,200	133,200
2034	600,000	24,000	624,000
	<u>\$ 1,645,000</u>	<u>\$ 657,250</u>	<u>\$ 2,302,250</u>

See accompanying auditors' report.



*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2019 Refunding--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ -	\$ 136,898	\$ 136,898
2022	120,000	108,319	228,319
2023	125,000	105,869	230,869
2024	130,000	103,319	233,319
2025	135,000	100,669	235,669
2026	140,000	97,919	237,919
2027	140,000	95,119	235,119
2028	145,000	92,269	237,269
2029	150,000	89,131	239,131
2030	160,000	85,644	245,644
2031	165,000	81,781	246,781
2032	170,000	77,594	247,594
2033	175,000	73,172	248,172
2034	180,000	68,513	248,513
2035	190,000	63,300	253,300
2036	195,000	57,525	252,525
2037	200,000	51,600	251,600
2038	210,000	45,450	255,450
2039	215,000	39,075	254,075
2040	225,000	32,475	257,475
2041	230,000	25,650	255,650
2042	240,000	18,600	258,600
2043	245,000	11,325	256,325
2044	255,000	3,825	258,825
	<u>\$ 4,140,000</u>	<u>\$ 1,665,041</u>	<u>\$ 5,805,041</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 155*  
*TSI-5. Long-Term Debt Service Requirements*  
*All Bonded Debt Series--by Years*  
*April 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 965,000	\$ 1,181,454	\$ 2,146,454
2022	1,115,000	1,124,663	2,239,663
2023	1,160,000	1,092,171	2,252,171
2024	1,200,000	1,059,846	2,259,846
2025	1,245,000	1,026,489	2,271,489
2026	1,300,000	990,664	2,290,664
2027	1,340,000	953,358	2,293,358
2028	1,390,000	914,358	2,304,358
2029	1,440,000	872,945	2,312,945
2030	1,500,000	828,442	2,328,442
2031	1,560,000	780,644	2,340,644
2032	1,620,000	730,076	2,350,076
2033	1,690,000	675,935	2,365,935
2034	1,750,000	626,200	2,376,200
2035	1,840,000	549,657	2,389,657
2036	1,915,000	481,545	2,396,545
2037	1,990,000	410,440	2,400,440
2038	2,080,000	335,934	2,415,934
2039	2,165,000	257,813	2,422,813
2040	2,255,000	179,069	2,434,069
2041	2,355,000	99,569	2,454,569
2042	720,000	46,350	766,350
2043	745,000	20,697	765,697
2044	255,000	3,825	258,825
	<u>\$ 35,595,000</u>	<u>\$ 15,242,144</u>	<u>\$ 50,837,144</u>

See accompanying auditors' report.

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*Fort Bend County Municipal Utility District No. 155*  
*TSI-6. Change in Long-Term Bonded Debt*  
*April 30, 2020*

	Bond Issue			
	Series 2011	Series 2013	Series 2014	Series 2015 Refunding
Interest rate	3.25% - 5.7%	2.0% - 4.0%	2.0% - 4.0%	2.0% - 3.25%
Dates interest payable	9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1
Maturity dates	9/1/12 - 9/1/33	9/1/14 - 9/1/36	9/1/17 - 9/1/38	9/1/16 - 9/1/32
Beginning bonds outstanding	\$ 110,000	\$ 1,925,000	\$ 6,970,000	\$ 4,955,000
Bonds issued				
Bonds retired	(55,000)	(25,000)	(145,000)	(290,000)
Ending bonds outstanding	<u>\$ 55,000</u>	<u>\$ 1,900,000</u>	<u>\$ 6,825,000</u>	<u>\$ 4,665,000</u>
Interest paid during fiscal year	<u>\$ 3,410</u>	<u>\$ 74,681</u>	<u>\$ 254,325</u>	<u>\$ 143,038</u>
Paying agent's name and city	Wells Fargo Bank, N.A., Houston, Texas			
Series 2011, and 2018A Refunding	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
All other series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Recreational Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 96,000,000	\$ 11,000,000	\$ 62,400,000	
Amount Issued	(38,680,000)		(510,000)	
Remaining To Be Issued	<u>\$ 57,320,000</u>	<u>\$ 11,000,000</u>	<u>\$ 61,890,000</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 April 30, 2020: \$ 3,969,957

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,118,214

See accompanying auditors' report.

Bond Issue

Series 2016	Series 2016A	Series 2018	Series 2018A Refunding	Series 2019	Totals
2.0% - 3.5%	2.0% - 4.5%	2.05% - 3.75%	2.30% - 4.00%	2.00% - 3.00%	
9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1	3/1 ; 9/1	3/1 ; 9/1	
9/1/18 - 9/1/40	9/1/18 - 9/1/40	9/1/20 - 9/1/42	9/1/19 - 9/1/33	9/1/22 - 9/1/43	
\$ 5,275,000	\$ 3,865,000	\$ 7,430,000	\$ 1,670,000	\$ -	\$ 32,200,000
				4,140,000	4,140,000
(100,000)	(105,000)		(25,000)		(745,000)
<u>\$ 5,175,000</u>	<u>\$ 3,760,000</u>	<u>\$ 7,430,000</u>	<u>\$ 1,645,000</u>	<u>\$ 4,140,000</u>	<u>\$ 35,595,000</u>
<u>\$ 166,863</u>	<u>\$ 112,525</u>	<u>\$ 248,900</u>	<u>\$ 63,875</u>	<u>\$ -</u>	<u>\$ 1,067,617</u>

**Fort Bend County Municipal Utility District No. 155**

**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**

**For the Last Five Fiscal Years**

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Water service	\$ 494,910	\$ 450,344	\$ 412,128	\$ 393,637	\$ 358,363
Sewer service	770,047	704,919	644,662	632,868	567,648
Property taxes	1,235,910	1,141,763	1,098,419	985,348	733,756
Penalties and interest	50,641	47,543	40,568	40,959	43,964
Tap connection and inspection	94,669	81,949	119,549	84,335	173,080
Surface water	358,655	290,721	260,596	247,790	195,683
Fire protection	366,210	339,442	305,372	301,532	274,932
Miscellaneous	4,839	2,525	2,861	2,020	12,627
Investment earnings	57,175	64,396	26,436	8,761	3,065
Total Revenues	<u>3,433,056</u>	<u>3,123,602</u>	<u>2,910,591</u>	<u>2,697,250</u>	<u>2,363,118</u>
Expenditures					
Current service operations					
Purchased services	992,165	911,076	801,256	742,742	632,974
Professional fees	170,124	140,736	135,409	127,947	135,381
Contracted services	868,508	831,424	820,110	728,917	753,571
Repairs and maintenance	418,831	707,244	295,968	240,086	285,509
Utilities	7,487	8,142	7,816	6,593	5,224
Surface water	410,335	304,633	272,610	256,291	200,823
Administrative	68,090	69,184	62,134	68,165	60,456
Other	32,099	20,241	25,453	26,760	27,047
Pavilion project	340,485				
Capital outlay	84,938				173,352
Total Expenditures	<u>3,393,062</u>	<u>2,992,680</u>	<u>2,420,756</u>	<u>2,197,501</u>	<u>2,274,337</u>
Revenues Over Expenditures	<u>\$ 39,994</u>	<u>\$ 130,922</u>	<u>\$ 489,835</u>	<u>\$ 499,749</u>	<u>\$ 88,781</u>

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
15%	13%	15%	15%	15%
22%	23%	22%	23%	24%
36%	37%	38%	37%	31%
1%	2%	1%	2%	2%
3%	3%	4%	3%	7%
10%	9%	9%	9%	8%
11%	11%	10%	11%	12%
*	*	*	*	1%
2%	2%	1%	*	*
100%	100%	100%	100%	100%

29%	29%	28%	28%	27%
5%	5%	5%	5%	6%
25%	27%	28%	27%	32%
12%	23%	10%	9%	12%
*	*	*	*	*
12%	10%	9%	10%	8%
2%	2%	2%	3%	3%
1%	1%	1%	1%	1%
10%				
2%				7%
98%	97%	83%	83%	96%
2%	3%	17%	17%	4%

*Fort Bend County Municipal Utility District No. 155*

*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	\$ 2,197,126	\$ 2,028,236	\$ 1,847,386	\$ 1,577,902	\$ 1,407,537
Penalties and interest	6,882	3,828	3,174	2,159	4,243
Accrued interest on bonds sold			6,223	2,990	4,718
Investment earnings	65,541	62,517	24,027	8,550	2,986
Total Revenues	2,269,549	2,094,581	1,880,810	1,591,601	1,419,484
Expenditures					
Tax collection services	9	3,858	129	122	6,954
Debt service					
Principal	745,000	705,000	480,000	335,000	265,000
Interest and fees	1,073,891	1,084,754	875,265	882,635	593,737
Debt issuance costs		114,300			193
Total Expenditures	1,818,900	1,907,912	1,355,394	1,217,757	865,884
Revenues Over Expenditures	\$ 450,649	\$ 186,669	\$ 525,416	\$ 373,844	\$ 553,600
Total Active Retail Water Connections	1,566	1,473	1,405	1,272	1,203
Total Active Retail Wastewater Connections	1,541	1,449	1,385	1,259	1,192

\*Percentage is negligible

See accompanying auditors' report.



Percent of Fund Total Revenues

2020	2019	2018	2017	2016
97%	97%	99%	99%	100%
*	*	*	*	*
		*	*	*
3%	3%	1%	1%	*
100%	100%	100%	100%	100%
*	*	*	*	*
33%	34%	26%	21%	19%
47%	52%	47%	55%	42%
	5%			*
80%	91%	73%	76%	61%
20%	9%	27%	24%	39%

**Fort Bend County Municipal Utility District No. 155**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended April 30, 2020**

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027  
District Business Telephone Number: (713) 860-6400  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): May 14, 2018  
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
<b>Board Members</b>				
Donna Johnson	5/16 - 5/20	\$ 2,400	\$ 16	President
Brett Telford	5/18 - 5/22	3,750	2,752	Vice President
Christina Garcia	6/16 - 5/20	3,750	2,409	Assistant Vice President
Jessica Robach	3/20 - 5/22	300	1	Secretary
Ralph Stafford	5/18 - 12/20	2,550	1,404	Former Director
Alice Janca	5/16 - 5/20	2,100	15	Former Director
<b>Consultants</b>				
Allen Boone Humphries Robinson LLP	2005	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 122,729		
<i>Bond counsel</i>		118,808		
Si Environmental	2012	357,415		Operator
McLennan & Associates, LP	2005	29,342		Bookkeeper
Fort Bend County	2016			Tax Collector
Fort Bend Central Appraisal District	Legislation	20,523		Property Valuation
LJA Engineering and Surveying, Inc.	2005	136,281		Engineer
McGrath & Co., PLLC	2011	23,850		Auditor
Rathmann and Associates, LP	2005	84,300		Financial Advisor

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

See accompanying auditors' report.

## SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND  
INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

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



