

OFFICIAL STATEMENT DATED MAY 4, 2021

In the opinion of The Muller Law Group PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds have NOT been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Not Qualified Tax-Exempt Obligations."

NEW ISSUE - Book Entry Only

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 19

(A Political Subdivision of the State of Texas, located within Fort Bend County)

\$11,985,000
Unlimited Tax Levee Improvement Refunding Bonds
Series 2021

\$4,775,000
Unlimited Tax Road Improvement Refunding Bonds
Series 2021

Dated: June 8, 2021

Due: September 1, as shown on inside cover

Interest Accrues From Date of Delivery

The \$11,985,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Levee Improvement Refunding Bonds, Series 2021 (the "Levee Refunding Bonds"), are being issued as current interest bonds (the "Levee Current Interest Bonds"). The \$4,775,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Road Improvement Refunding Bonds, Series 2021 (the "Road Refunding Bonds"), are being issued in part as current interest bonds (the "Road Current Interest Bonds," and together with the Levee Current Interest Bonds, the "Current Interest Bonds") and in part as premium capital appreciation bonds (the "Roads PCABs," and together with the Road Current Interest Bonds, the "Road Refunding Bonds"). The Levee Refunding Bonds and Road Refunding Bonds are collectively known as the "Bonds." The Bonds are obligations of Fort Bend County Levee Improvement District No. 19 (the "District") and are not obligations of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas, (sometimes hereinafter called the "Paying Agent" or the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at maturity or prior redemption. Interest on the Current Interest Bonds will accrue from the Date of Delivery and will be payable March 1 and September 1 of each year ("Interest Payment Date"), commencing September 1, 2021 until maturity or prior redemption. Unless otherwise agreed between the Paying Agent and a Bondholder, interest on the Current Interest Bonds is dated as of the Interest Payment Date and payable to each Bondholder, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). Interest on the Road PCABs will accrue from the Date of Delivery and will compound on September 1, 2021, and each March 1 and September 1 thereafter, and will be payable only at maturity. Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such persons and the Paying Agent/Registrar. The Current Interest Bonds are issuable in denominations of \$5,000 of principal amount or any integral multiple thereof in fully registered form only. The Road PCABs are issuable in denominations of \$5,000 of maturity amount or any integral multiple thereof in fully registered form only.

The Bonds will be initially registered and delivered only to 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 Current Interest Bonds and the maturity amount (the "Maturity Amount") of the Road PCABs will be paid by the Paying Agent/Registrar, or any successor Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System."

See "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover.

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District.

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered, when, as and if issued by the District and accepted by the Underwriters, subject to the approval of the Attorney General of Texas and of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the underwriters by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Underwriters' Counsel. Delivery of the Bonds, through the facilities of DTC, is expected on or about June 8, 2021.

SAMCO CAPITAL

RAYMOND JAMES

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$11,985,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2021

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679W (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679W (b)
2022	\$ 50,000	3.000%	0.260%	HJ0	2030 (c)	\$ 865,000	3.000%	1.170%	HS0
2023	660,000	3.000%	0.380%	HK7	2031 (c)	890,000	2.000%	1.740%	HT8
2024	690,000	3.000%	0.520%	HL5	2032 (c)	920,000	2.000%	1.910%	HU5
2025	725,000	3.000%	0.790%	HM3	2033 (c)	940,000	2.000%	2.000%	HV3
2026	745,000	3.000%	0.960%	HN1	2034 (c)	960,000	2.000%	2.070%	HW1
2027 (c)	780,000	3.000%	1.000%	HP6	2035 (c)	980,000	2.000%	2.120%	HX9
2028 (c)	805,000	3.000%	1.050%	HQ4	2036 (c)	560,000	2.000%	2.160%	HY7
2029 (c)	840,000	3.000%	1.150%	HR2	2037 (c)	575,000	2.000%	2.190%	HZ4

\$4,775,000 Unlimited Tax Road Improvement Refunding Bonds, Series 2021

\$4,505,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679W (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34679W (b)
2024	\$ 270,000	3.000%	0.520%	JC3	2031 (c)	\$ 360,000	2.000%	1.740%	JK5
2025	285,000	3.000%	0.790%	JD1	2032 (c)	375,000	2.000%	1.910%	JL3
2026	295,000	3.000%	0.960%	JE9	2033 (c)	385,000	2.000%	2.000%	JM1
2027 (c)	305,000	3.000%	1.000%	JF6	2034 (c)	395,000	2.000%	2.070%	JN9
2028 (c)	320,000	3.000%	1.050%	JG4	2035 (c)	410,000	2.000%	2.120%	JP4
2029 (c)	335,000	3.000%	1.150%	JH2	2036 (c)	420,000	2.000%	2.160%	JQ2
2030 (c)	350,000	3.000%	1.170%	JJ8					

\$270,000 Premium Capital Appreciation Bonds (d)

Maturity September 1	Principal Amount	Maturity Amount	Initial Reoffering Yield (a)	CUSIP No. 34679W (b)
2022	\$ 20,000	\$ 25,000	0.410%	JA7
2023	250,000	270,000	0.530%	JB5

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the yield resulting when priced to maturity. Accrued interest, if any, from June 8, 2021, is to be added to the price of the Bonds.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Service Bureau, managed by S&P Global Market Intelligence LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2027, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2026, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.
- (d) Interest is compounded on September 1, 2021 and semiannually each March 1 and September 1 thereafter and payable only at maturity. The Road PCABs are not subject to redemption prior to maturity.

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 or the Underwriters (as defined herein).

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel upon payment of duplication costs, for further information.

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

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Underwriters and thereafter only as specified in “OFFICIAL STATEMENT - Updating of Official Statement.”

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purposes.

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SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and Raymond James & Associates, Inc. (referred to herein as the "Underwriters") have agreed to purchase the Levee Refunding Bonds from the District pursuant to a Bond Purchase Agreement for \$12,420,342.57 (being the par amount of the Levee Refunding Bonds, plus a net original issue premium on the Levee Refunding Bonds of \$523,350.05, and less an underwriter's discount on the Levee Refunding Bonds of \$88,007.48). The Underwriters' obligation is to purchase all of the Levee Refunding Bonds, if any Levee Refunding Bonds are purchased.

The Underwriters have agreed to purchase the Road Refunding Bonds from the District pursuant to a Bond Purchase Agreement for \$4,947,843.93 (being the par amount of the Road Refunding Bonds, plus a net original issue premium on the Road Refunding Bonds of \$214,766.10, and less an underwriter's discount on the Road Refunding Bonds of \$41,922.17). The Underwriters' obligation is to purchase all of the Road Refunding Bonds, if any Road Refunding Bonds are purchased.

Prices and Marketability

Subject to certain restrictions, the prices and other terms with respect to 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 prices, 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 which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the 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.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as 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 "MUNICIPAL BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

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 "MUNICIPAL BOND INSURANCE".

RATINGS

The Bonds have received an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P 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 such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds have received an insured rating of "A2" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "A2" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the insured rating of S&P, the insured rating of Moody's, or the underlying rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

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

HURRICANE HARVEY (2017)

Hurricane Harvey Flooding..... The Houston area, including Fort Bend County, sustained widespread rain and flood damage as a result of Hurricane Harvey’s landfall along the Texas Gulf Coast on August 25, 2017, causing historic levels of rainfall during the succeeding four days. Fort Bend County Levee Improvement District No. 19 (the “District”) provides floodplain reclamation, flood protection, detention and outfall drainage to serve approximately 274 acres in Fort Bend County Municipal Utility District No. 129 (“MUD 129”) and 543 acres in Fort Bend County Municipal Utility No. 149 (“MUD 149”), which provide freshwater supply and sanitary sewer service to property located in the districts.

According to estimates by the District’s Engineer, approximately 570 homes within the District representing approximately 31% of the total homes within the District experienced flooding or other damage as a result of Hurricane Harvey. The District residents reported flooding in houses ranging from a few inches to two feet.

The flooding within the District was caused by record levels of rainfall in the Steep Bank Creek watershed. Steep Bank Creek is the principal drainage outflow for the District. The District has constructed and maintains a levee that protects property in the District from the Brazos River at flood stage. The District provides storm water drainage within its boundaries by a gravity outfall system and pump station that pumps excess storm water into the Brazos River from the Steep Bank Creek watershed. While the pumps operated as designed throughout the flood event, because of the historic rainfall levels, the pumps were unable to remove sufficient storm water caused by Hurricane Harvey, resulting in structural flooding in portions of the District.

With the proceeds of the District’s Unlimited Tax Levee Improvement Bonds, Series 2019, the District has completed the watershed modeling of Steep Bank Creek. The modeling is used to better prepare for and plan for improvements to the drainage system within the District. Additionally, construction of the expansion to the Steep Bank Pump Station is underway. The expansion adds 3x 50,000 gallon per minute pumps to the 80,000 gallon per minute existing pump station. The project began construction in April of 2021 with expected completion by the second quarter of 2022. The completion of the construction will provide a total of 230,000 gallons per minute of pumping capacity within the watershed. In the interim, the District and the neighboring FBCLID 15 have purchased 81,000 gallons per minute of diesel powered mobile pumps to provide additional pumping capacity in the watershed.

THE BONDS

The Issuer The District, a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”

The Issue The \$11,985,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Levee Improvement Refunding Bonds, Series 2021 (the “Levee Refunding Bonds”), are being issued as current interest bonds (the “Levee Current Interest Bonds”). The \$4,775,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Road Improvement Refunding Bonds, Series 2021 (the “Road Refunding Bonds”), are being issued in part as current interest bonds (the “Road Current Interest Bonds,” and together with the Levee Current Interest Bonds, the “Current Interest Bonds”) and in part as premium capital appreciation bonds (the “Roads PCABs,” and together with the Road Current Interest Bonds, the “Road Refunding

Bonds"). The Levee Refunding Bonds and Road Refunding Bonds are collectively known as the "Bonds." Interest on the Current Interest Bonds will accrue from the Date of Delivery, at the rates set forth on the inside cover page hereof, and is payable March 1 and September 1 of each year ("Interest Payment Date"), commencing September 1, 2021 until maturity. Interest on the Road PCABs will accrue from the Date of Delivery, will compound on September 1, 2021, and each March 1 and September 1 thereafter, and will be payable only at maturity. See "THE BONDS."

Redemption of the Bonds..... The Current Interest Bonds maturing on and after September 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2026, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. The Road PCABs are not subject to redemption prior to maturity. See "THE BONDS – Redemption of the Bonds."

Book Entry Only The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds and will be deposited with DTC. See "THE BONDS - Book-Entry Only System."

Source of Payment..... Principal and interest on the respective series of Bonds are payable from the proceeds of two separate continuing direct annual ad valorem taxes levied upon all taxable property within the District, each without legal limitation as to rate or amount. **The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Missouri City, Texas; or any other political subdivision or entity other than the District.** See "THE BONDS - Source of Payment."

Authority for Issuance..... The Levee Refunding Bonds constitute the second series of unlimited tax levee improvement refunding bonds issued by the District and the Road Refunding Bonds constitute the first series of unlimited tax road improvement refunding bonds issued by the District. Voters in the District have authorized a total of \$49,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a levee system (the "Levee System") and for refunding purposes, a total of \$11,800,000 principal amount of unlimited tax bonds for road improvements and for refunding purposes and \$9,500,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding purposes.

The Levee Refunding Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on May 12, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Levee Bond Resolution"); (iv) an approval certificate; and (v) a bond purchase agreement. The Road Refunding Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on November 6, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Road Bond Resolution," and together with the Levee Bond Resolution, the "Bond Resolutions"); (iv) an approval certificate; and (v) a bond purchase agreement. Before the Bonds can be issued the Attorney General of Texas must pass upon the legality of the Bonds. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement. See "THE BONDS – Authority for Issuance."

Not Qualified Tax-Exempt Obligations..... The District has NOT designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

Use of Proceeds..... The proceeds of the Levee Refunding Bonds and legally available debt service funds of the District will be applied to pay certain costs incurred in connection with the issuance of the Levee Refunding Bonds and to refund \$4,330,000 principal amount of the District's \$6,210,000 Unlimited Tax Levee Improvement Bonds, Series 2012 (the "Series 2012 Refunded Bonds"), and \$7,690,000 principal amount of the District's \$10,000,000 Unlimited Tax Levee Improvement Bonds, Series 2013 (the "Series 2013 Refunded Bonds" and collectively, the "Refunded Levee Bonds"). The refunding of the Refunded Levee Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

The proceeds of the Road Refunding Bonds and legally available debt service funds of the District will be applied to pay certain costs incurred in connection with the issuance of the Road Refunding Bonds and to refund \$4,775,000 principal amount of the District's \$6,500,000 Unlimited Tax Road Improvement Bonds, Series 2012 (the "Refunded Road Bonds"). The refunding of the Refunded Road Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. The Refunded Levee Bonds and the Refunded Road Bonds are collectively referred to herein as the "Refunded Bonds." See "PLAN OF FINANCING."

Outstanding Bonds..... The following bonds have been previously issued by the District for the purpose of levee improvements and refunding purposes: \$4,260,000 Unlimited Tax Levee Improvement Bonds, Series 2009; \$6,210,000 Unlimited Tax Levee Improvement Bonds, Series 2012; \$10,000,000 Unlimited Tax Levee Improvement Bonds, Series 2013; \$3,420,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2015; and \$10,725,000 Unlimited Tax Levee Improvement Bonds, Series 2019. Of such bonds, \$27,080,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Levee Bonds"). The following bonds have been previously issued by the District for the purpose of road improvements and refunding purposes: \$6,500,000 Unlimited Tax Road Bonds, Series 2012; and \$5,300,000 Unlimited Tax Road Improvement Bonds, Series 2014. Of such bonds, \$9,690,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Road Bonds"). The following bonds have been previously issued by the District for the purpose of parks and recreational facilities and refunding purposes: \$5,935,000 Unlimited Tax Park Bonds, Series 2016; and \$2,350,000 Unlimited Tax Park Bond, Series 2020. Of such bonds, \$2,350,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Park Bonds").

Following the issuance of the Bonds, \$15,060,000 in principal amount of Outstanding Levee Bonds will remain outstanding (the "Remaining Outstanding Levee Bonds"); \$4,915,000 in principal amount of Outstanding Road Bonds will remain outstanding (the "Remaining Outstanding Road Bonds," and together with the Remaining Outstanding Levee Bonds, the "Remaining Outstanding Bonds"); and \$2,350,000 in principal amount of Outstanding Park Bonds will remain outstanding (the "Remaining Outstanding Park Bonds"). See "PLAN OF FINANCING – Remaining Outstanding Bonds."

Municipal Bond Insurance..... Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

Ratings S&P Global Ratings (AGM Insured): "AA." Moody's Investors Service, Inc. (AGM Insured): "A2." Moody's Investors Service, Inc. (Underlying): "A2." See "RATINGS."

Payment Record The District has never defaulted on the payment of principal or interest on its previously issued bonds.

Bond Counsel.....	The Muller Law Group, PLLC, Sugar Land, Texas. See “LEGAL MATTERS.”
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Underwriter’s Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Verification Agent.....	Robert Thomas CPA LLC, Minneapolis, Minnesota.
Paying Agent	Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas.
Escrow Agent.....	The Bank of New York Mellon Trust Company, Dallas, Texas.

THE DISTRICT

Description.....	Fort Bend County Levee Improvement District No. 19 (the “District”) is a political subdivision of the State of Texas. The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas on October 24, 2006. The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing floodplain reclamation, flood protection, detention and outfall drainage and park and recreational facilities that serve the District (the “Levee and Parks System”) and road facilities. The District presently contains approximately 817.46 acres of land and is located approximately 21 miles southwest from downtown Houston, Texas. The District lies within the extraterritorial jurisdiction and partially in the corporate limits of the City of Missouri City.
Riverstone	The District is part of the approximately 3,860-acre master planned community known as “Riverstone.” The District is one of two levee improvement districts that serve Riverstone which includes single family, multi-family, townhome, institutional (churches, schools, etc.) and commercial development. Development of Riverstone began in 2001. Recreational amenities within Riverstone include three recreation centers consisting of a pool and playground, as well as a dog park, a tennis court and a fishing pier for use by Riverstone residents.
Water and Wastewater Facilities	Approximately 543 acres within the District are located within Fort Bend County Municipal Utility District No. 149 (“MUD 149”) and approximately 274 acres within the District are located within Fort Bend County Municipal Utility District No. 129 (“MUD 129”). Each of MUD 149 and MUD 129 provides water, wastewater and certain storm drainage facilities to the property within their respective boundaries. Various development entities have advanced funds on behalf of MUD 149 and MUD 129 to finance the construction of the water and wastewater facilities to serve portions of the land within MUD 149 and MUD 129, which are also within the boundaries of the District. MUD 149 has issued \$27,905,000 of unlimited tax bonds, of which \$23,390,000 remains outstanding as of April 1, 2021 and is payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 149’s boundaries. MUD 129 has issued \$41,160,000 of unlimited tax bonds, of which \$17,270,000 remains outstanding as of April 1, 2021 and is payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 129’s boundaries. MUD 149 set a 2020 tax rate of \$0.45 per \$100 assessed valuation and MUD 129 set a 2020 tax rate of \$0.2925 per \$100 assessed valuation. See “INVESTMENT CONSIDERATIONS—Overlapping Taxes.”
Development within the District.....	Approximately 602.43 acres of land within the District have been developed as the single family residential subdivisions of Creekstone Village, Sections 1-9; Shadow Glen, Sections 1-6; Orchard, Sections 1-3; Sweetbriar, Sections 1-4; Millwood Sections 1-4; Lost Creek, Sections 1-3; Stonebrook, Sections 1 and 2; and The Grove at Riverstone, Section 1. Such subdivisions encompass 1,964 single-family residential lots. Construction of underground utilities and street paving is complete in these sections. As of April 1, 2021, the District consisted of 1,964 completed and occupied homes. A senior assisted living facility has been constructed on approximately 12.50 acres. The District contains no undeveloped but developable acres and approximately

215.03 undevelopable acres. See “THE DISTRICT— Status of Development.” See “DEVELOPMENT WITHIN THE DISTRICT.”

Flood Protection..... The District has reclaimed land from the Brazos River through fill and the construction of a 6.3 mile earthen levee. The levee physically removed all acreage within the levee from the current 100 year floodplain designation. The current Flood Insurance Rate Map (“FIRM”) panel dated April 2, 2014, does not include developable District property within the 100-year floodplain. Prior to completion of the levee, all the development within the District included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the 100-year floodplain designation. These sections are also protected by the levee. See “THE LEVEE AND DISTRICT SYSTEMS – Flood Protection System.”

INFECTIOUS DISEASE OUTBREAK – COVID-19

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 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 Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

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

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

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition or its ratings. See “RATINGS.” The financial and operating data contained herein are the latest available, but some of the data is as of dates and for periods 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 DISTRICT’S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT, THE MAINTENANCE OF TAXABLE VALUES FOR DEVELOPED PROPERTY, AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

**SUMMARY OF SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2020 Certified Assessed Valuation.....	\$ 756,575,505 (a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
2021 Preliminary Assessed Valuation.....	\$ 770,386,271 (b)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt:	
The Remaining Outstanding Bonds (as of April 1, 2021).....	\$ 22,325,000
The Bonds.....	<u>16,760,000</u>
Total.....	\$ 39,085,000
Estimated Overlapping Debt.....	<u>\$ 57,059,270 (c)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 96,144,270</u>
Direct Debt Ratios:	
As a percentage of the 2020 Certified Assessed Valuation.....	5.17 %
As a percentage of the 2021 Preliminary Assessed Valuation.....	5.07 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2020 Certified Assessed Valuation.....	12.71 %
As a percentage of the 2021 Preliminary Assessed Valuation.....	12.48 %
Debt Service Fund - Levee and Parks System (as of March 26, 2021).....	\$ 3,432,928 (d)
Debt Service Fund - Roads (as of March 26, 2021).....	\$ 1,195,479 (e)
General Fund (as of March 26, 2021).....	\$ 3,225,614
Construction Fund (as of March 26, 2021).....	\$ 10,188,140 (f)
2020 Tax Rate per \$100 of Assessed Valuation	
Debt Service (Levee and Parks System).....	\$ 0.280
Debt Service (Roads).....	0.105
Maintenance.....	<u>0.175</u>
Total.....	\$ 0.560 (g)
Average Annual Debt Service Requirements	
on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds	
(2021-2039).....	\$ 2,002,079 (h)
Maximum Annual Debt Service Requirements	
on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds	
(2039).....	\$ 2,643,356 (h)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds,	
and the Levee Refunding Bonds (2021-2039) at 95% Tax Collections	
Based Upon the 2020 Certified Assessed Valuation (\$756,575,505).....	\$ 0.28
Based Upon the 2021 Preliminary Assessed Valuation (\$770,386,271).....	\$ 0.28
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual	
Debt Service Requirement on the Outstanding Levee Bonds, the Outstanding Park Bonds,	
and the Levee Refunding Bonds (2039) at 95% Tax Collections	
Based Upon the 2020 Certified Assessed Valuation (\$756,575,505).....	\$ 0.37
Based Upon the 2021 Preliminary Assessed Valuation (\$770,386,271).....	\$ 0.37

Average Annual Debt Service Requirements on the Outstanding Road Bonds and the Road Refunding Bonds (2021-2039).....	\$ 654,347 (i)
Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Road Refunding Bonds (2036)	\$ 764,525 (i)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on Outstanding Road Bonds and the Road Refunding Bonds (2021-2039) at 95% Tax Collections	
Based Upon the 2020 Certified Assessed Valuation (\$756,575,505).....	\$ 0.10
Based Upon the 2021 Preliminary Assessed Valuation (\$770,386,271).....	\$ 0.09
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Outstanding Road Bonds and the Road Refunding Bonds (2036) at 95% Tax Collections	
Based Upon the 2020 Certified Assessed Valuation (\$756,575,505).....	\$ 0.11
Based Upon the 2021 Preliminary Assessed Valuation (\$770,386,271).....	\$ 0.11
Number of Single-Family Homes as of April 1, 2021..... (including 0 homes under construction)	1,964 (j)

-
- (a) Certified Taxable Assessed Value within the District as of January 1, 2020, as provided by the Fort Bend Central Appraisal District ("FBCAD").
 - (b) Provided by the Appraisal District for informational purposes only. This amount represents the preliminary determination of the assessed valuation of all taxable property within the District as of January 1, 2021. No taxes will be levied upon this value, which is subject to protest by landowners. The value will be certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board") and taxes will be levied on the certified value.
 - (c) See "SELECTED FINANCIAL INFORMATION – Estimated Overlapping Debt Statement."
 - (d) Neither Texas law nor the Levee Bond Resolution requires that the District maintain any particular sum in the Levee & Parks System Debt Service Fund. The funds in the Levee & Parks System Debt Service Fund are pledged only to pay the debt service on the Remaining Outstanding Levee & Parks System Bonds and the Levee Refunding Bonds, not to the Remaining Outstanding Road Bonds, or the Road Refunding Bonds.
 - (e) Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund. The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Remaining Outstanding Road Bonds and the Road Refunding Bonds, not the Remaining Outstanding Levee & Parks System Bonds or the Levee Refunding Bonds.
 - (f) Represents unspent or surplus construction funds, and interest thereon, derived from the Outstanding Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purpose for which the issue of the Outstanding Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from Levee and Parks System Bonds. Of such amount, \$119,283 may be used to finance park facilities, \$7,100,149 may be used to finance levee facilities with the approval of the TCEQ, \$12,278 may be used to finance road facilities, and \$2,956,331 may be used for Fort Bend County LID No. 15.
 - (g) The District is authorized to levy separate debt service taxes for road debt and levee and park debt, both of which are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance."
 - (h) Requirements of debt service on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds. See "LEVEE SYSTEM DEBT SERVICE SCHEDULE."
 - (i) Requirements of debt service on the Outstanding Road Bonds and the Road Refunding Bonds. See "ROAD DEBT SERVICE SCHEDULE."
 - (j) Approximately 1,964 homes are occupied.

OFFICIAL STATEMENT

relating to

FORT BEND COUNTY LEEVE IMPROVEMENT DISTRICT NO. 19
(A Political Subdivision of the State of Texas, located within Fort Bend County)

\$11,985,000
Unlimited Tax Levee Improvement Refunding Bonds
Series 2021

\$4,775,000
Unlimited Tax Road Improvement Refunding Bonds
Series 2021

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Levee Improvement District No. 19 (the "District") of its \$11,985,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2021 (the "Levee Refunding Bonds") which are being issued as current interest bonds (the "Levee Current Interest Bonds") and its \$4,775,000 Unlimited Tax Road Improvement Refunding Bonds, Series 2021 (the "Road Refunding Bonds") which are being issued in part as current interest bonds (the "Road Current Interest Bonds," and together with the Levee Current Interest Bonds, the "Current Interest Bonds") and in part as premium capital appreciation bonds (the "Roads PCABs," and together with the Road Current Interest Bonds, the "Road Refunding Bonds"). The Levee Refunding Bonds and the Road Refunding Bonds are collectively known as the "Bonds."

The Levee Refunding Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on May 12, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Levee Bond Resolution"); (iv) an approval certificate; and (v) a bond purchase agreement. The Road Refunding Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on November 6, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Road Bond Resolution," and together with the Levee Bond Resolution, the "Bond Resolutions"); (iv) an approval certificate; and (v) a bond purchase agreement.

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.

This Official Statement contains descriptions of the Bonds, the Bond Resolutions 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 The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478, upon payment of the costs of duplication thereof.

HURRICANE HARVEY

Hurricane Harvey Flooding

The Houston area, including Fort Bend County, sustained widespread rain and flood damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, causing historic levels of rainfall during the succeeding four days. The District provides floodplain reclamation, flood protection, detention and outfall drainage to serve approximately 274 acres in Fort Bend County Municipal Utility District No. 129 ("MUD 129") and 543 acres in Fort Bend County Municipal Utility No. 149 ("MUD 149"), which provide freshwater supply, sanitary sewer, and storm water drainage service to property located in the districts.

According to estimates by the District's Engineer, approximately 570 homes within the District representing approximately 31% of the total homes within the District experienced flooding or other damage as a result of Hurricane Harvey. The District residents reported flooding in houses ranging from a few inches to two feet.

The flooding within the District was caused by record levels of rainfall in the Steep Bank Creek watershed. Steep Bank Creek is the principal drainage outflow for the District. The District has constructed and maintains a levee that protects property in the District from the Brazos River at flood stage. The District provides storm water drainage within its boundaries by a gravity outfall system and pump station that pumps excess storm water into the Brazos River from the Steep Bank Creek watershed. While the pumps operated as designed throughout the flood event, because of the historic rainfall levels, the pumps were unable to remove sufficient storm water caused by Hurricane Harvey, resulting in structural flooding in portions of the District.

With the proceeds of the District's Unlimited Tax Levee Improvement Bonds, Series 2019, the District has completed the watershed modeling of Steep Bank Creek. The modeling is used to better prepare for and plan for improvements to the drainage system within the District. Additionally, construction of the expansion to the Steep Bank Pump Station is underway. The expansion adds 3x 50,000 gallon per minute pumps to the 80,000 gallon per minute existing pump station.

The project began construction in April of 2021 with expected completion by the second quarter of 2022. The completion of the construction will provide a total of 230,000 gallons per minute of pumping capacity within the watershed. In the interim, the District and the neighboring FBCLID 15 have purchased 81,000 gallons per minute of diesel powered mobile pumps to provide additional pumping capacity in the watershed.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolutions authorizing the issuance of the Bonds. Copies of the Bond Resolutions may be obtained from the District upon written request made to The Muller Law Group, PLLC.

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas, (sometimes hereinafter called the "Paying Agent" or the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at maturity or prior redemption. Interest on the Current Interest Bonds will accrue from the Date of Delivery and will be payable March 1 and September 1 of each year ("Interest Payment Date"), commencing September 1, 2021 until maturity or prior redemption. Unless otherwise agreed between the Paying Agent and a Bondholder, interest on the Current Interest Bonds is dated as of the Interest Payment Date and payable to each Bondholder, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). Interest on the Road PCABs will accrue from the Date of Delivery and will compound on September 1, 2021, and each March 1 and September 1 thereafter, and will be payable only at maturity. Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such persons and the Paying Agent/Registrar. The Current Interest Bonds are issuable in denominations of \$5,000 of principal amount or any integral multiple thereof in fully registered form only. The Road PCABs are issuable in denominations of \$5,000 of maturity amount or any integral multiple thereof in fully registered form only. See "APPENDIX C - DISTRICT SCHEDULE OF ACCRETED VALUES FOR PREMIUM CAPITAL APPRECIATION BONDS."

The Bonds will be initially registered and delivered only to 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 Current Interest Bonds and the maturity amount (the "Maturity Amount") of the Road PCABs will be paid by the Paying Agent/Registrar, or any successor Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System" below.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee's 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 believes the source of such information to be reliable, but takes no 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 Participant, (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 securities (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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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.

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

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

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

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

Redemption proceeds, distributions, and dividend 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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 form, 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 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.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolutions, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any unlimited tax bonds hereafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas; Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); or any other political subdivision or any entity other than the District.

Authority for Issuance

The Bonds constitute the second series of unlimited tax levee improvement refunding issued by the District and the first series unlimited tax road improvement refunding bonds issued by the District. Voters in the District have authorized a total of \$49,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a levee system (the "Levee System") and for refunding purposes, a total of \$11,800,000 principal amount of unlimited tax bonds for road improvements and for refunding purposes and \$9,500,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding purposes. Following the issuance of the Bonds, \$17,650,000 principal amount of unlimited tax bonds for the Levee System and for refunding purposes, \$0 principal amount of unlimited tax bonds for road improvements and refunding purposes, and \$1,213,402 for parks and recreational facilities and for refunding purposes will remain authorized and unissued.

The Levee Refunding Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on May 12, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Levee Bond Resolution"); (iv) an approval certificate; and (v) a bond purchase agreement. The Road Refunding Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 57 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended; (ii) an election held within the District on November 6, 2007; (iii) a resolution adopted by the Board of Directors of the District (the "Road Bond Resolution," and together with the Levee Bond Resolution, the "Bond Resolutions"); (iv) an approval certificate; and (v) a bond purchase agreement. Before the Bonds can be issued the Attorney General of Texas must pass upon the legality of the Bonds. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Funds

The proceeds from all taxes levied, assessed and collected for and on account of the Bonds shall be deposited, as collected, in the District's Levee and Parks System Debt Service Fund or the Road Debt Service Fund, as applicable, and used only for the purpose of paying principal of and interest on the Bonds.

Yield on Premium Capital Appreciation Bonds

The yields of the Road PCABs as set forth on inside cover page of this Official Statement are based upon the initial offering price therefor set forth on the inside cover page of this Official Statement. Such offering prices include the principal amount of such Road PCABs plus premium, if any, equal to the amount by which such offering prices exceed the principal amount of such Road PCABs. The respective yields on the Road PCABs to a particular purchaser may differ depending upon the prices paid by the purchaser. For various reasons, securities that do not pay interest periodically, such as the Road PCABs, have traditionally experienced greater price fluctuations in the secondary market than securities that pay interest on a periodic basis.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be

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

Redemption of the Bonds

The Current Interest Bonds maturing on and after September 1, 2027, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2026, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Current Interest Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Current Interest Bond to be partially redeemed must be surrendered in exchange for one or more new Current Interest Bonds of the same series and maturity for the unredeemed portion of the principal of the Current Interest Bonds so surrendered. In the event of redemption of fewer than all of the Current Interest Bonds, the particular Current Interest Bonds to be redeemed shall be selected by the District; if fewer than all of the Current Interest Bonds of a particular series and maturity are to be redeemed, the Paying Agent/Registrar is required to select the Current Interest Bonds of such maturity to be redeemed by lot.

The PCABs are not subject to optional redemption prior to stated maturity.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. 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 Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar 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 the denomination of \$5,000 in principal amount or maturity amount (as applicable) for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, 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. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, 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 Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolutions for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District

shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT -General." Following the issuance of the Bonds, \$17,650,000 principal amount of unlimited tax bonds for the Levee System and for refunding purposes, \$0 principal amount of unlimited tax bonds for road improvements and refunding purposes, and \$1,213,402 for parks and recreational facilities and for refunding purposes will remain authorized and unissued. The Bond Resolutions impose no limitations on the amount of additional parity bonds which may be issued by the District. See "INVESTMENT CONSIDERATIONS- Future Debt."

Before issuing any additional bonds for the purpose of purchasing and constructing a flood protection and drainage system, the District would have to obtain approval of the TCEQ for the issuance of such bonds and the projects to be financed thereby. In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District may issue voter approved road bonds without TCEQ approval. The District has no remaining voter authorization for Road Bonds. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such contracts, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds without additional voter approval.

The District anticipates issuing approximately \$15,800,000 Unlimited Tax Levee Improvement Bonds, Series 2021 in the fourth quarter of 2021 through the Texas Water Development Board's Flood Infrastructure Fund.

Outstanding Bonds

The following bonds have been previously issued by the District for the purpose of levee improvements and refunding purposes: \$4,260,000 Unlimited Tax Levee Improvement Bonds, Series 2009; \$6,210,000 Unlimited Tax Levee Improvement Bonds, Series 2012; \$10,000,000 Unlimited Tax Levee Improvement Bonds, Series 2013; \$3,420,000 Unlimited Tax Refunding Levee Improvement Bonds, Series 2015; and \$10,725,000 Unlimited Tax Levee Improvement Bonds, Series 2019. Of such bonds, \$27,080,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Levee Bonds"). The following bonds have been previously issued by the District for the purpose of road improvements and refunding purposes: \$6,500,000 Unlimited Tax Road Bonds, Series 2012; and \$5,300,000 Unlimited Tax Road Improvement Bonds, Series 2014. Of such bonds, \$9,690,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Road Bonds"). The following bonds have been previously issued by the District for the purpose of parks and recreational facilities and refunding purposes: \$5,935,000 Unlimited Tax Park Bonds, Series 2016; and \$2,350,000 Unlimited Tax Park Bond, Series 2020. Of such bonds, \$2,350,000 principal amount remains outstanding as of April 1, 2021 (the "Outstanding Park Bonds").

Following the issuance of the Bonds, \$15,060,000 in principal amount of Outstanding Levee Bonds will remain outstanding (the "Remaining Outstanding Levee Bonds"); \$4,915,000 in principal amount of Outstanding Road Bonds will remain outstanding (the "Remaining Outstanding Road Bonds"); and \$2,350,000 in principal amount of Outstanding Park Bonds will remain outstanding (the "Remaining Outstanding Park Bonds" and together with the Remaining Outstanding Levee Bonds and Remaining Outstanding Road Bonds, the "Remaining Outstanding Bonds").

Defeasance

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

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

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

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 un-matured 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.

Registered Owners’ Remedies

Pursuant to Texas law, the Bond Resolutions provide 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 Resolutions into the Levee and Park System Debt Service Fund, or Road Debt Service Fund, as the case may be, 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 levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolutions do 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. The Texas Legislature has not waived the District’s immunity to a suit for money damages under the doctrine of governmental immunity. If 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. Sovereign immunity may prevent bondholders from bringing a suit for money damages. 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.

PLAN OF FINANCING

Use of Proceeds

The proceeds of the Levee Refunding Bonds and legally available debt service funds of the District will be applied to pay certain costs incurred in connection with the issuance of the Levee Refunding Bonds and to refund \$4,330,000 principal amount of the District's \$6,210,000 Unlimited Tax Levee Improvement Bonds, Series 2012 (the "Series 2012 Refunded Bonds"), and \$7,690,000 principal amount of the District's \$10,000,000 Unlimited Tax Levee Improvement Bonds, Series 2013 (the "Series 2013 Refunded Bonds" and collectively, the "Refunded Levee Bonds"). The refunding of the Refunded Levee Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

The proceeds of the Road Refunding Bonds and legally available debt service funds of the District will be applied to pay certain costs incurred in connection with the issuance of the Road Refunding Bonds and to refund \$4,775,000 principal amount of the District's \$6,500,000 Unlimited Tax Road Improvement Bonds, Series 2012 (the "Refunded Road Bonds"). The refunding of the Refunded Road Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. The Refunded Levee Bonds and the Refunded Road Bonds are collectively referred to herein as the "Refunded Bonds."

Series 2012 Refunded Levee Bonds		Series 2013 Refunded Levee Bonds	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
\$ 255,000	09/01/2023 (a)	\$ 355,000	09/01/2023
265,000	09/01/2024 (b)	375,000	09/01/2024
280,000	09/01/2025 (b)	395,000	09/01/2025
290,000	09/01/2026 (c)	410,000	09/01/2026
305,000	09/01/2027 (c)	435,000	09/01/2027
315,000	09/01/2028 (d)	455,000	09/01/2028
330,000	09/01/2029 (d)	480,000	09/01/2029
345,000	09/01/2030 (e)	500,000	09/01/2030
355,000	09/01/2031 (e)	525,000	09/01/2031
375,000	09/01/2032 (f)	555,000	09/01/2032 (h)
390,000	09/01/2033 (f)	580,000	09/01/2033 (h)
405,000	09/01/2034 (g)	610,000	09/01/2034 (i)
<u>420,000</u>	09/01/2035 (g)	640,000	09/01/2035 (i)
\$4,330,000		670,000	09/01/2036 (i)
		<u>705,000</u>	09/01/2037 (i)
		\$7,690,000	

Series 2012 Refunded Road Bonds	
Principal Amount	Maturity Date
\$ 245,000	09/01/2023
255,000	09/01/2024
270,000	09/01/2025
280,000	09/01/2026
295,000	09/01/2027
310,000	09/01/2028
325,000	09/01/2029
345,000	09/01/2030
360,000	09/01/2031
380,000	09/01/2032
395,000	09/01/2033
415,000	09/01/2034
440,000	09/01/2035 (j)
<u>460,000</u>	09/01/2036 (j)
\$4,775,000	

Redemption Date: 09/01/2021

- (a) Represents a portion of a term bond in the total principal amount of \$255,000, scheduled to mature on September 1, 2023.
- (b) Represents a term bond in the total principal amount of \$545,000, scheduled to mature on September 1, 2025.
- (c) Represents a term bond in the total principal amount of \$595,000, scheduled to mature on September 1, 2027.
- (d) Represents a term bond in the total principal amount of \$645,000, scheduled to mature on September 1, 2029.
- (e) Represents a term bond in the total principal amount of \$700,000, scheduled to mature on September 1, 2031.
- (f) Represents a term bond in the total principal amount of \$765,000, scheduled to mature on September 1, 2033.
- (g) Represents a term bond in the total principal amount of \$825,000, scheduled to mature on September 1, 2035.
- (h) Represents a term bond in the total principal amount of \$1,135,000, scheduled to mature on September 1, 2033.
- (i) Represents a term bond in the total principal amount of \$2,625,000, scheduled to mature on September 1, 2037.
- (j) Represents a term bond in the total principal amount of \$900,000, scheduled to mature on September 1, 2036.

Remaining Outstanding Bonds

The following table represents the previously issued bonds for the purpose of acquiring or constructing the Levee System, or parks and recreational facilities and for refunding purposes that will remain outstanding following the issuance of the Levee Refunding Bonds.

	Original Principal Amount	Remaining Outstanding Principal Amount	Less: Refunded Levee Bonds	Remaining Outstanding Bonds
Unlimited Tax Levee Improvement Bonds, Series 2012	\$ 6,210,000	\$ 4,810,000	\$ (4,330,000)	\$ 480,000
Unlimited Tax Levee Improvement Bonds, Series 2013	10,000,000	8,355,000	(7,690,000)	665,000
Unlimited Tax Levee Improvement Refunding Bonds, Series 2015	3,420,000	3,190,000	-	3,190,000
Unlimited Tax Levee Improvement Bonds, Series 2019	10,725,000	10,725,000	-	10,725,000
Unlimited Tax Park Bonds, Series 2020	<u>2,350,000</u>	<u>2,350,000</u>	<u>-</u>	<u>2,350,000</u>
	<u>\$ 32,705,000</u>	<u>\$ 29,430,000</u>	<u>\$ (12,020,000)</u>	<u>\$ 17,410,000</u>

The following table represents the previously issued bonds for road improvements and for refunding purposes that will remain outstanding following the issuance of the Road Refunding Bonds.

	Original Principal Amount	Remaining Outstanding Principal Amount	Less: Refunded Road Bonds	Remaining Outstanding Bonds
Unlimited Tax Road Improvement Bonds, Series 2012	\$ 6,500,000	\$ 5,225,000	\$(4,775,000)	\$ 450,000
Unlimited Tax Road Improvement Bonds, Series 2014	<u>5,300,000</u>	<u>4,465,000</u>	<u>-</u>	<u>4,465,000</u>
	<u>\$ 11,800,000</u>	<u>\$ 9,690,000</u>	<u>\$(4,775,000)</u>	<u>\$ 4,915,000</u>

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Escrow Agreements

The District will enter into escrow agreements (the "Escrow Agreements") with The Bank of New York Mellon Trust Company, Dallas, Texas (the "Escrow Agent"), pursuant to which a portion of the proceeds of the respective series of Bonds, along with cash, and other investments authorized by Chapter 1207, Texas Government Code (the "Escrowed Securities"), will be deposited in escrow funds (the "Escrow Funds") and applied to provide for scheduled payment of principal of and interest on the Refunded Bonds until their maturity or prior redemption and to provide for payment of the redemption price of the Refunded Bonds on the redemption date. At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, the Escrow Agent and the Underwriter that the maturing amounts of the Escrowed Securities, together with cash, if any, held in the Escrow Funds, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." Pursuant to the Escrow Agreements, the Escrow Funds are irrevocably pledged for the payment of principal of and interest on the Refunded Bonds.

Defeasance of the Refunded Bonds

By the deposit of proceeds of the Bonds and cash and securities with the Escrow Agent pursuant to the Escrow Agreements, the District will have affected the defeasance of the Refunded Bonds pursuant to the terms of the resolutions authorizing the issuance of the Refunded Bonds. As a result of such deposit, firm banking and financial arrangements under Texas law will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreements, and such Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefore in such Escrow Agreements.

Sources and Uses of Funds

The proceeds from the sale of the Levee Refunding Bonds and legally available debt service funds of the District will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of the Levee Refunding Bonds	\$ 11,985,000.00
Net Premium	523,350.05
Debt Service Fund Transfer	<u>178,000.00</u>
Total Sources of Funds	\$ 12,686,350.05

USES OF FUNDS:

Deposit to Escrow Fund	\$ 12,271,682.98
Insurance Premium	36,280.57
Issuance Expenses and Underwriter's Discount	<u>378,386.50</u>
Total Uses of Funds	\$ 12,686,350.05

The proceeds from the sale of the Road Refunding Bonds and legally available debt service funds of the District will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of the Road Refunding Bonds	\$ 4,775,000.00
Net Premium	214,766.10
Debt Service Fund Transfer	<u>65,000.00</u>
Total Sources of Funds	\$ 5,054,766.10

USES OF FUNDS:

Deposit to Escrow Fund	\$ 4,868,017.27
Insurance Premium	14,464.60
Issuance Expenses and Underwriter's Discount	<u>172,284.23</u>
Total Uses of Funds	\$ 5,054,766.10

THE DISTRICT

General

Fort Bend County Levee Improvement District No. 19 (the "District") is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas on October 24, 2006, and operates under the provisions of Chapter 7804 of the Texas Special District Local Laws Code, Chapters 49 and 57 of the Texas Water Code, as amended, and other general statutes applicable to levee improvement districts. The District presently contains approximately 817.46 acres of land and is located approximately 21 miles southwest from downtown Houston, Texas. The District lies within the extraterritorial jurisdiction and partially in the corporate limits of the City of Missouri City. The District is located approximately 3 miles south of U.S. Highway 59 (the "Southwest Freeway") and is accessible via the Southwest Freeway to Texas State Highway 6, and then south to the Riverstone entrances.

The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing floodplain reclamation, flood protection, detention and outfall drainage; road facilities; and parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to contract for or employ its own peace officers.

DEVELOPMENT WITHIN THE DISTRICT

Status of Development

The District is part of the approximately 3,860-acre master planned community known as "Riverstone." The District is one of two levee improvement districts that serve Riverstone. Riverstone includes single family, townhome, institutional (churches, schools, etc.) and commercial development. Development of Riverstone began in 2001 in the adjacent Fort Bend County Municipal Utility District No. 115 ("MUD 115"), which is not in the District.

Single family residential development in the District is complete. Approximately 602.43 acres of land within the District have been developed as the single family residential subdivisions of Creekstone Village, Sections 1-9; Shadow Glen, Sections 1-6; Orchard, Sections 1-3; Sweetbriar, Sections 1-4; Millwood Sections 1-4; Lost Creek, Sections 1-3; Stonebrook, Sections 1 and 2; and The Grove at Riverstone, Section 1. Such subdivisions encompass 1,964 single-family residential lots. Construction of underground utilities and street paving is complete in these sections. As of April 1, 2021, the District consisted of 1,964 completed and occupied homes. A senior assisted living facility has been constructed on approximately 12.50 acres. The District contains no undeveloped but developable land and approximately 215.03 undevelopable acres.

Future Development

The District contains no undeveloped but developable acres.

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MANAGEMENT OF THE DISTRICT

The District is governed by a board, consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered four year terms, with elections held within the District on the second Saturday in May in each even numbered year.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kalapi D Sheth	President	05/2024
Dean Cooper	Vice President	05/2024
Glenn Wong	Assistant Vice President	05/2022
Radhika Iyer	Secretary	05/2022
Sreekanth Pannala	Assistant Secretary	05/2022

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for levee management operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Fort Bend Central Appraisal District. The Tax Assessor/Collector for the District is the Fort Bend County Tax Office.

Bookkeeper

Municipal Accounts & Consulting, L.P. acts as bookkeeper for the District.

Operator

The District's flood protection system is operated by Levee Management Services, LLC ("LMS").

Engineer

The consulting engineer for the District is Costello, Inc.

Bond and General Counsel

The District has engaged The Muller Law Group, PLLC, Sugar Land, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Muller Law Group, PLLC, Sugar Land, Texas, also serves as the District's general counsel.

Financial Advisor

Robert W. Baird & Co. Incorporated ("the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended July 31, 2020, is included as "APPENDIX A" to this Official Statement.

Special Consultants Related to Issuance of the Bonds

Verification Agent – At the time of delivery of the Bonds, Robert Thomas CPA LLC, Certified Public Accountants, will verify to the District, Bond Counsel, Escrow Agent, and the Underwriter certain matters related to the issuance of the bonds and the refunding of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

THE LEVEE AND DISTRICT SYSTEMS

Flood Protection System

Based upon the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) number 48157C0290L dated April 2, 2014, all of the developable land in the District has been removed from the 100 year floodplain of the Brazos River as a result of the construction of a levee, which has been completed. The levee system includes drainage ditches, detention/lake systems, outfall structures and existing and future pumping stations necessary to remove land in the District from the 100-year floodplain of the Brazos River. The development within the District included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the current 100 year floodplain designation of the Brazos River. These sections are also protected by the levee.

An engineer or regulatory determination that an area is above the 100-year floodplain is no assurance that homes built in such area will not be flooded. If substantial or frequent flooding of homes were to occur in the District, property values could be reduced and the marketing of homes and the future growth of property values in the District could be adversely affected. At the time of construction, the District’s levee and drainage system were reviewed and approved by all entities with regulatory jurisdiction over the system. However, the system does not protect against all flooding scenarios. There are at least four instances in which flooding could occur in the District: (1) an overtopping of the levee, (2) a failure (or breach) of the levee system, (3) rainfall in excess of what the drainage system is designed for, or (4) failure of stormwater pumping facilities during coincident river events.

The District’s levee system is part of a regional perimeter levee system that protects approximately 12,142 acres of property in Fort Bend County. The District, together with 7 other levee improvement districts and municipal utility districts, has entered into an agreement relating to the operation and maintenance of the perimeter levee system to ensure that all participants have constructed and maintain their individual levee systems to meet applicable federal, state and local criteria for flood protection. An overtopping or failure (or breach) of any participant’s levee system could result in regionalized flooding for all or part of the area protected by the perimeter levee system. See “INVESTMENT CONSIDERATIONS.”

The pump station serving the Steep Bank Creek watershed is jointly owned and operated by the District and Fort Bend County Levee Improvement District No. 15 (“LID 15”). According to an independent engineer engaged by the District to perform a study following Hurricane Harvey, the firm pumping capacity at this pump station may be insufficient to provide stormwater drainage from a portion of the District during a coincident river event. To address such shortfall, the District and LID 15 have, on an interim basis, acquired portable trailer mounted pumps. The District has also designed, bid and has started construction on a 150,000 GPM expansion to the pump station increasing the capacity to 230,000 GPM. Construction is anticipated to be complete in the second quarter of 2022. The District has applied to the Texas Water Development Board for a zero percent interest loan to construct an additional 200,000 GPM pump station within the watershed. If approved, it is expected that construction would begin before year end and completion in mid-2023. The completion of the additional pump station would bring the total pumping capacity to 430,000 GPM.

The design of the levee and pump station systems is subject to regulations set forth by the Fort Bend County Drainage District (“FBCDD”). The current FBCDD regulations are based on previously published rainfall data by the National Weather Service in 1961 (TP-40). Since the publication of TP-40, the National Oceanic and Atmospheric Administration in September 2018 published new rainfall data for Texas in its Atlas 14, Volume 11, report (Atlas 14). Under Atlas 14, increased rainfall frequency values may require additional drainage improvements to meet FBCDD infrastructure design requirements, and floodplain regulations. FBCDD formally adopted Atlas 14 in its regulatory requirements on January 1, 2020. The District may evaluate its current drainage systems and choose to expand or improve its facilities to be more resilient under the new rainfall data; however, there are no current regulatory requirements that existing infrastructure be modified or improved. The District has no cost estimates for such improvements.

Water Supply Facilities for MUDs

Approximately 543 acres within the District are located within MUD 149 and approximately 274 acres within the District are located within MUD 129. Both MUD 129 and MUD 149 receive water supply through a Regional Water Supply Agreement (the “RWSA”) among MUD 129, MUD 149, MUD 115 and Fort Bend County MUD No. 46. Under the RWSA, the parties are served by two water plants: the MUD 115 water plant (the “MUD 115 Water Plant”) and the MUD 149 water plant (the “MUD 149 Water Plant”). Combined, the water plants have 3,800 GPM of well capacity, two million gallons of ground storage, 11,350 gallons per minute of booster capacity and 120,000 gallons of hydro-pneumatic tank capacity. Under the RWSA, MUD 129 is capable of serving 1,533 ESFCs, MUD 149 is capable of serving 1,520 ESFCs.

Source of Wastewater Treatment for MUDs

The City of Missouri City provides wastewater treatment to MUD 129 and MUD 149 pursuant to Regional Wastewater Treatment Contracts between the City of Missouri City and MUD 129 and MUD 149.

THE ROAD SYSTEM

The road system serves residents of the District by providing access to the major thoroughfares within the Riverstone Development and the surrounding area. The major thoroughfares and collectors serving the District include University Boulevard, Oilfield Road and LJ Parkway. Oilfield Road serves as a major thoroughfare by conveying residents of the District to the major thoroughfare of University Boulevard and the arterial of State Highway 6. LJ Parkway serves as a major thoroughfare by conveying residents of the District to the major thoroughfare of University Boulevard and the major thoroughfare of Sienna Ranch Road, which connects to the Fort Bend Parkway Toll Road. The District has financed, designed and constructed the road system in phases and has conveyed them to Fort Bend County for ownership, operation and maintenance.

THE PARK SYSTEM

The park system includes landscaping and irrigation systems to serve residents of the District. The park features include small neighborhood parks, recreation centers and a community trail system.

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General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements for fiscal years ending July 31 of the years 2016 through 2020. The unaudited financials were provided by the Bookkeeper for the eight-month period ending as of March 31, 2021. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	03/31/21 (a)	Fiscal Year Ended				
		07/31/20	07/31/19	07/31/18	07/31/17	07/31/16
REVENUES						
Property taxes	\$ 1,299,883	\$ 1,051,239	\$ 967,120	\$ 923,635	\$ 720,118	\$ 609,659
Intergovernmental	-	440,536	-	4,652	50,146	208,702
Miscellaneous	18,014	2,300	5,700	6,700	12,600	6,800
Investment earnings	<u>2,487</u>	<u>18,240</u>	<u>32,968</u>	<u>28,197</u>	<u>15,207</u>	<u>6,953</u>
TOTAL REVENUES	\$ 1,320,384	\$ 1,512,315	\$ 1,005,788	\$ 963,184	\$ 798,071	\$ 832,114
EXPENDITURES						
Professional fees	\$ 138,727	\$ 174,612	\$ 414,136	\$ 589,129	\$ 117,360	\$ 154,766
Contracted services	69,803	96,210	101,682	513,187	89,549	89,307
Repairs and maintenance	123,628	385,634	396,880	451,082(b)	205,491	177,414
Administrative	27,565	61,066	65,081	81,355	44,428	30,206
Other operating expenditures	59,762	10,869	15,256	57,433	12,946	10,857
Joint pump station	47,167	98,194	14,897	34,888	26,136	36,273
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>941,076(b)</u>	<u>377,279</u>	<u>192,300</u>
TOTAL EXPENDITURES	\$ 466,652	\$ 826,585	\$ 1,007,932	\$ 2,668,150	\$ 873,189	\$ 691,123
Revenues Over/(Under) Expenditures	\$ 853,732	\$ 685,730	\$ (2,144)	\$(1,704,966)	\$ (75,118)	\$ 140,991
Internal transfers	\$ -	\$ 1,020	\$ 43,676	\$ -	\$ 44,272	\$ -
Insurance proceeds	\$ -	\$ 46,013	\$ -	\$ -	\$ -	\$ -
Fund Balance, Beg of Year	<u>\$ 2,383,892</u>	<u>\$ 1,651,129</u>	<u>\$ 1,609,597</u>	<u>\$ 3,314,563</u>	<u>\$ 3,345,409</u>	<u>\$ 3,204,418</u>
Fund Balance, End of Year	<u>\$ 3,237,624</u>	<u>\$ 2,383,892</u>	<u>\$ 1,651,129</u>	<u>\$ 1,609,597</u>	<u>\$ 3,314,563</u>	<u>\$ 3,345,409</u>

(a) Unaudited financials obtained from the reports of the District's bookkeeper, as of March 31, 2021.

(b) Includes expenditures related to repairs and improvements related to Hurricane Harvey.

**SELECTED FINANCIAL INFORMATION
(Unaudited)**

2020 Certified Assessed Valuation.....	\$ 756,575,505 (a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
2021 Preliminary Assessed Valuation.....	\$ 770,386,271 (b)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt:	
The Remaining Outstanding Bonds (as of April 1, 2021).....	\$ 22,325,000
The Bonds.....	<u>16,760,000</u>
Total.....	\$ 39,085,000
Estimated Overlapping Debt.....	<u>\$ 57,059,270 (c)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 96,144,270</u>
Direct Debt Ratios:	
As a percentage of the 2020 Certified Assessed Valuation.....	5.17 %
As a percentage of the 2021 Preliminary Assessed Valuation.....	5.07 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2020 Certified Assessed Valuation.....	12.71 %
As a percentage of the 2021 Preliminary Assessed Valuation.....	12.48 %

- (a) Certified Taxable Assessed Value within the District as of January 1, 2020, as provided by the Fort Bend Central Appraisal District ("FBCAD").
- (b) Provided by the Appraisal District for informational purposes only. This amount represents the preliminary determination of the assessed valuation of all taxable property within the District as of January 1, 2021. No taxes will be levied upon this value, which is subject to protest by landowners. The value will be certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board") and taxes will be levied on the certified value.
- (c) See "SELECTED FINANCIAL INFORMATION – Estimated Overlapping Debt Statement."

General

All taxable property located within the District is subject to the assessment, levy and collection by the District of a continuing direct 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 Bonds, the Remaining Outstanding Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and become delinquent after January 31 of the following year. The Board covenants in the Bond Resolutions 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.

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance (Levee and Drainage and Park): \$1.00 per \$100 Assessed Valuation.
Maintenance (Road): \$0.25 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 planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. An election was held within the District on May 12, 2007, which authorized the levy of a maintenance tax not to exceed \$1.00/\$100 assessed valuation for levee, drainage and park maintenance. An election was held within the District on November 6, 2007, which authorized the levy of a road maintenance tax not to exceed \$0.25/\$100 assessed valuation. The District levied a total maintenance tax of \$0.175 per \$100 of assessed valuation for tax year 2020.

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 on the Remaining Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2020 Certified Assessed Valuation (\$756,575,505) and the 2021 Preliminary Valuation (\$770,386,271). The calculations assume collection of 95% of taxes levied and exclude any debt service funds.

Average Annual Debt Service Requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds (2021-2039).....	\$ 2,002,079
Tax Rate of \$0.28 on the 2020 Certified Assessed Valuation produces	\$ 2,012,491
Tax Rate of \$0.28 on the 2021 Preliminary Assessed Valuation produces	\$ 2,049,227
Maximum Annual Debt Service Requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds (2039).....	\$ 2,643,356
Tax Rate of \$0.37 on the 2020 Certified Assessed Valuation produces	\$ 2,659,363
Tax Rate of \$0.37 on the 2021 Preliminary Assessed Valuation produces	\$ 2,707,908
Average Annual Debt Service Requirements on the Outstanding Road Bonds and the Road Refunding Bonds (2021-2039).....	\$ 654,347
Tax Rate of \$0.10 on the 2020 Certified Assessed Valuation produces	\$ 718,747
Tax Rate of \$0.09 on the 2021 Preliminary Assessed Valuation produces	\$ 658,680
Maximum Annual Debt Service Requirements on the Outstanding Road Bonds and the Road Refunding Bonds (2036).....	\$ 764,525
Tax Rate of \$0.11 on the 2020 Certified Assessed Valuation produces	\$ 790,621
Tax Rate of \$0.11 on the 2021 Preliminary Assessed Valuation produces	\$ 805,054

Estimated 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.

Taxing Jurisdiction	Outstanding Debt as of February 28, 2021	Estimated Overlapping	
		Percent	Amount
Fort Bend County	\$ 664,849,310	0.98%	\$ 6,547,172
Fort Bend County MUD No. 129	17,270,000	37.11	6,409,308
Fort Bend County MUD No. 149	23,390,000	97.49	22,801,743
Fort Bend Independent School District	1,278,953,767	1.67	<u>21,301,048</u>
Total Estimated Overlapping Debt			\$ 57,059,270
The District			<u>39,085,000 (a)</u>
Total Direct & Estimated Overlapping Debt			<u>\$ 96,144,270</u>
Ratio of Estimated Direct and Overlapping Debt to 2020 Certified Assessed Valuation			12.71%
Ratio of Estimated Direct and Overlapping Debt to 2021 Preliminary Assessed Valuation			12.48%

(a) Includes the Bonds.

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "SELECTED FINANCIAL INFORMATION - Estimated 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.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2020 Taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2020 Tax Rate</u>
The District	\$ 0.560000
Fort Bend County	0.453207 (a)
Fort Bend ISD	1.240200
Fort Bend County MUD No. 149	0.450000 (b)
Fort Bend County MUD No. 129	0.292500 (b)

(a) Includes \$0.017331 for Fort Bend County Drainage District.

(b) Residents only pay taxes for the MUD in which they are located.

Assessed Valuation Summary

The following represents the type of property comprising the 2018-2020 tax rolls:

Type of Property	2020		2019		2018	
	Assessed Valuation	%	Assessed Valuation	%	Assessed Valuation	%
Land	\$ 147,885,477	19.23	\$ 139,589,037	18.98	\$ 133,411,543	19.02
Improvements	617,246,061	80.25	594,146,574	80.79	566,360,805	80.76
Personal Property	<u>4,017,280</u>	<u>0.52</u>	<u>1,644,260</u>	<u>0.22</u>	<u>1,486,730</u>	<u>0.21</u>
Total Appraised Value	\$ 769,148,818	<u>100.00</u>	\$ 735,379,871	<u>100.00</u>	\$ 701,259,078	<u>100.00</u>
Less Exemptions	<u>(12,573,313)</u>		<u>(11,331,077)</u>		<u>(6,500,856)</u>	
Total Net Taxable Value	\$ 756,575,505		\$ 724,048,794		\$ 694,758,222	

Historical Collections

Tax Year	Assessed Valuation	Tax Rate/ \$100 (a)	Adjusted Levy	% Collections Current Year	Fiscal Year Ending	% Collections as of 02/28/2021
2013	\$303,677,780	\$ 0.80	\$2,429,422	99.55	7-31-14	100.00%
2014	415,972,780	0.80	3,327,782	99.60	7-31-15	100.00
2015	551,055,054	0.72	3,967,596	99.63	7-31-16	100.00
2016	654,972,523	0.68	4,453,813	99.82	7-31-17	100.00
2017	661,477,789	0.68	4,498,049	99.79	7-31-18	100.00
2018	694,758,222	0.68	4,724,356	99.77	7-31-19	100.00
2019	724,048,794	0.68	4,923,532	99.38	7-31-20	100.00
2020	756,575,505	0.56	4,236,823	97.64 (b)	7-31-21	97.64

(a) See "Tax Rate Distribution."

(b) Collections as of February 28, 2021.

Tax Rate Distribution

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Service (Levee and Parks System) (a)	\$0.280	\$0.430	\$0.430	\$0.430	\$0.450
Debt Service (Roads) (a)	0.105	0.105	0.110	0.110	0.120
Maintenance	<u>0.175</u>	<u>0.145</u>	<u>0.140</u>	<u>0.140</u>	<u>0.110</u>
Total	<u>\$0.560</u>	<u>\$0.680</u>	<u>\$0.680</u>	<u>\$0.680</u>	<u>\$0.680</u>

(a) The District is authorized to levy separate debt service taxes for road debt and levee and drainage debt, both of which are unlimited as to rate or amount.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District’s certified appraisal rolls for the 2020 tax year.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2020 Tax Roll</u>
Senior Care Living VI LLC	Land & Improvements	\$ 19,334,690
Centerpoint Energy Electric	Personal Property	1,513,200
Newmark Homes Houston LLC	Land & Improvements	1,138,070
Jasico Inc.	Land & Improvements	1,099,330
Homeowner	Land & Improvements	802,340
Homeowner	Land & Improvements	679,630
Homeowner	Land & Improvements	669,140
Homeowner	Land & Improvements	629,150
Homeowner	Land & Improvements	625,860
Homeowner	Land & Improvements	<u>621,210</u>
Total		<u>\$27,112,620</u>
% of Respective Tax Roll		<u>3.584%</u>

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LEEVE SYSTEM DEBT SERVICE REQUIREMENT SCHEDULE

The following schedule sets forth the current debt service requirements on the District's outstanding debt issued for Levee System and park improvements and for refunding purposes, less the Refunded Levee Bonds, plus the principal and interest requirements on the Levee Refunding Bonds.

Year	Outstanding Levee and Park System Debt Service (a)	Less: The Refunded Levee Bonds	Plus: The Levee Refunding Bonds			Total Levee System Debt Service
			Principal	Interest	Debt Service	
2021	\$ 1,575,278	\$ 251,969	\$ -	\$ 69,466	\$ 69,466	\$ 1,392,776
2022	2,087,519	503,938	50,000	301,300	351,300	1,934,881
2023	2,088,719	1,113,938	660,000	299,800	959,800	1,934,581
2024	2,092,081	1,123,863	690,000	280,000	970,000	1,938,219
2025	2,080,913	1,136,519	725,000	259,300	984,300	1,928,694
2026	2,087,763	1,136,969	745,000	237,550	982,550	1,933,344
2027	2,086,125	1,150,631	780,000	215,200	995,200	1,930,694
2028	2,085,781	1,151,688	805,000	191,800	996,800	1,930,894
2029	2,087,538	1,160,581	840,000	167,650	1,007,650	1,934,606
2030	2,081,750	1,162,244	865,000	142,450	1,007,450	1,926,956
2031	2,078,475	1,162,044	890,000	116,500	1,006,500	1,922,931
2032	2,077,488	1,174,681	920,000	98,700	1,018,700	1,921,506
2033	2,082,763	1,173,806	940,000	80,300	1,020,300	1,929,256
2034	2,085,538	1,176,156	960,000	61,500	1,021,500	1,930,881
2035	2,082,556	1,175,975	980,000	42,300	1,022,300	1,928,881
2036	2,092,081	738,750	560,000	22,700	582,700	1,936,031
2037	2,586,431	740,250	575,000	11,500	586,500	2,432,681
2038	2,608,331	-	-	-	-	2,608,331
2039	<u>2,643,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,643,356</u>
Total	<u>\$ 40,690,484</u>	<u>\$ 17,234,000</u>	<u>\$ 11,985,000</u>	<u>\$ 2,598,016</u>	<u>\$ 14,583,016</u>	<u>\$ 38,039,501</u>

(a) Debt service requirement as of April 1, 2021.

Average Annual Requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds (2021-2039).....	\$ 2,002,079
Maximum Annual Requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds, and the Levee Refunding Bonds (2039)	\$ 2,643,356

ROAD DEBT SERVICE REQUIREMENT SCHEDULE

The following schedule sets forth the current debt service requirements on the District's outstanding debt issued for road improvements and for refunding purposes, less the Refunded Road Bonds, plus the principal and interest requirements on the Road Refunding Bonds.

Year	Outstanding Road Debt Service (a)	Less: The Refunded Road Bonds	Plus: The Road Refunding Bonds			Total Road Debt Service
			Principal	Interest	Debt Service	
2021	\$ 555,746	\$ 93,131	\$ -	\$ 25,753	\$ 25,753	\$ 488,368
2022	740,091	186,261	20,000	116,700	136,700	690,530
2023	747,861	431,261	250,000	131,700	381,700	698,300
2024	749,526	433,176	270,000	111,700	381,700	698,050
2025	760,456	439,506	285,000	103,600	388,600	709,550
2026	760,306	440,056	295,000	95,050	390,050	710,300
2027	769,376	444,976	305,000	86,200	391,200	715,600
2028	772,311	449,061	320,000	77,050	397,050	720,300
2029	779,386	452,436	335,000	67,450	402,450	729,400
2030	789,724	459,924	350,000	57,400	407,400	737,200
2031	793,449	461,124	360,000	46,900	406,900	739,225
2032	800,649	466,724	375,000	39,700	414,700	748,625
2033	801,699	466,524	385,000	32,200	417,200	752,375
2034	806,305	470,230	395,000	24,500	419,500	755,575
2035	814,425	477,800	410,000	16,600	426,600	763,225
2036	815,445	479,320	420,000	8,400	428,400	764,525
2037	335,250	-	-	-	-	335,250
2038	339,000	-	-	-	-	339,000
2039	337,188	-	-	-	-	337,188
Total	<u>\$ 13,268,193</u>	<u>\$ 6,651,511</u>	<u>\$ 4,775,000</u>	<u>\$ 1,040,903</u>	<u>\$ 5,815,903</u>	<u>\$ 12,432,586</u>

(a) Debt service requirement as of April 1, 2021.

Average Annual Requirements on the Outstanding Road Bonds and the Road Refunding Bonds (2021-2039)	\$ 654,347
Maximum Annual Requirements on the Outstanding Road Bonds, and the Road Refunding Bonds (2036)	\$ 764,525

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 sufficient amount to pay the principal of and interest on the the Remaining Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully 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 for the payment of certain contractual obligations. See "SELECTED FINANCIAL INFORMATION - Maintenance Tax."

Property Tax Code and County-wide Appraisal District

The Texas Property 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 herein.

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

Property Subject to Taxation by the District

General: 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; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call 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 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. The District has granted a \$15,000 exemption for residents who are disabled or 65 years of age and older for the 2021 tax year.

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State 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 by May 1. The District has not adopted a general homestead exemption.

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 tax such items. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, and 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 tax such goods-in-transit personal property for the tax year 2011 and prior years, and has taken official action to allow taxation of all such goods in transit personal property for tax year 2012 and subsequent years.

Tax Abatement

Fort Bend County (the "County") may designate all or part of the area within the District as a reinvestment zone. Thereafter, the 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. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, no portion of the land within the District has been designated as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads 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 fair 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 one political subdivision 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 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 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.

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I - 15% (minimal damage), Level II - 30% (nonstructural damage), Level III - 60% (significant structural damage), or Level IV - 100% (total loss).

Property owners are entitled to the exemption if the Governor declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration.

The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may 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 sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. 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. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of 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. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead, 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 equal monthly installments and must extend for a period of at least 12 months and no more than 36 months.

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 "Low Tax Rate Districts." 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 "Other Districts." Debt service

and contract tax rates cannot be reduced by a rollback election held within any of the districts described below. 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.

Low Tax Rate Districts

Low Tax Rate Districts 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 Low Tax Rate District 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 from the previous three tax years, 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 from the previous three tax years. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or President, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District can be classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of 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 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 Other 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

The District has made a determination of its status as a Developing District for the 2020 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in 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 the State and each 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. 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 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 or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Missouri City, Texas; or any political subdivision other than the District. The Bonds will be secured by two separate continuing direct, annual ad valorem taxes, each levied without legal limitation as to rate or amount, against all taxable property located within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District 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 representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. 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.

Extreme Weather: Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area, 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 estimates by the District's Engineer, approximately 570 homes within the District representing approximately 31% of the total homes within the District experienced flooding or other damage as a result of Hurricane Harvey. The District residents reported flooding in houses ranging from a few inches to two feet.

The flooding within the District was caused by record levels of rainfall in the Steep Bank Creek watershed. Steep Bank Creek is the principal drainage outflow for the District. The District has constructed and maintains a levee that protects property in the District from the Brazos River at flood stage. The District provides storm water drainage within its boundaries by a gravity outfall system and pump station that pumps excess storm water into the Brazos River from the Steep Bank Creek watershed. While the pumps operated as designed throughout the flood event, because of the historic rainfall levels, the pumps were unable to remove sufficient storm water caused by Hurricane Harvey, resulting in structural flooding in portions of the District.

If a future hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, 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.

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.

Specific Flood Type Risks

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

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

from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Flood Protection: All of the land within the boundaries of the District is protected from the Brazos River floodplain by levees constructed and maintained by the District. Based upon the current Flood Insurance Rate Map panel dated April 2, 2014, Flood Insurance Rate Maps of Federal Emergency Management Agency (“FEMA”), all of the developable land within the District has been removed from the 100-year floodplain of the Brazos River.

Flooding Due to Levee Breach or Overtopping: According to the District’s Engineer, at the time of construction, the District’s levee and drainage system were reviewed and approved by all entities with regulatory jurisdiction over the system. However, the system does not protect against all flooding scenarios. There are at least four instances in which flooding could occur in the District: (1) an overtopping of the levee, (2) a failure (or breach) of the levee system, (3) rainfall in excess of what the drainage system is designed for, or (4) failure of stormwater pumping facilities during coincident river events.

The District’s levee system is part of a regional perimeter levee system that protects over 12,000 acres of property in Fort Bend County. The District, together with 7 other levee improvement districts and municipal utility districts, has entered into an agreement relating to the operation and maintenance of the perimeter levee system to ensure that all participants have constructed and maintain their individual levee systems to meet applicable federal, state and local criteria for flood protection. An overtopping or failure (or breach) of any participant’s levee system could result in regionalized flooding for all or part of the area protected by the perimeter levee system.

An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The “100-year event” means a river elevation which has a statistical 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three feet above the level of a 100-year event.

In addition to the risk of overtopping, a portion of the District would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at a flood state of less than the 100-year event. To mitigate the risk, the District performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need of repair.

The pump station serving the Steep Bank Creek watershed is jointly owned and operated by the District and Fort Bend County Levee Improvement District No. 15 (“LID 15”). According to an independent engineer engaged by the District to perform a study following Hurricane Harvey, the firm pumping capacity at this pump station may be insufficient to provide stormwater drainage from a portion of the District during a coincident river event. To address such shortfall the District and LID 15 have, on an interim basis, acquired portable trailer mounted pumps. The District has also designed, bid and has started construction on a 150,000 GPM expansion to the pump station increasing the capacity to 230,000 GPM. Construction is anticipated to be complete in the second quarter of 2022. The District has applied to the Texas Water Development Board for a zero percent interest loan to construct an additional 200,000 GPM pump station within the watershed. If approved, it is expected that construction would begin before year end and completion in mid-2023. The completion of the additional pump station would bring the total pumping capacity to 430,000 GPM.

The design of the levee and pump station systems are subject to regulations set forth by the Fort Bend County Drainage District (“FBCDD”). The current FBCDD regulations are based on previously published rainfall data by the National Weather Service in 1961 (TP-40). Since the publication of TP-40, the National Oceanic and Atmospheric Administration in September 2018 published new rainfall data for Texas in its Atlas 14, Volume 11, report (Atlas 14). Under Atlas 14, increased rainfall frequency values may require additional drainage improvements to meet FBCDD infrastructure design requirements and floodplain regulations. FBCDD formally adopted Atlas 14, and its regulatory requirements on January 1, 2020. The District may evaluate its current drainage systems and choose to expand or improve its facilities to be more resilient under the new rainfall data; however, there are no current requirements that existing infrastructure be modified or improved. The District has no cost estimates for such improvements.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President declared the Pandemic a national emergency and the Governor declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for 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 the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Additional information regarding executive orders issued by the Governor is accessible on

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

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the City area and could reduce or negatively affect property values 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 is as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the taxable value of the District results from the current market value of single-family residences. The market value of such homes is related to general economic conditions in Houston affecting the demand for residences. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. The District cannot predict the pace or magnitude of any future development in the District. See "Credit Markets and Liquidity in the Financial Markets" below.

Location and Access: The District is located in an outlying area of the Greater Houston Metropolitan Area, approximately 21 miles southwest of the central business district of the City of Houston. The District is located entirely within the extraterritorial jurisdiction and partially in the corporate limits of the City of Missouri City. Developers and homebuilders active within the District compete for the sale of developed lots and homes with numerous residential development projects located closer to major employment centers. In addition, many of the residential developments with which the District competes are in a more developed state and have lower overlapping taxes. As a result, particularly during times of increased competition, the Developers and homebuilders may find themselves at a competitive disadvantage to the developers and homebuilders in other residential projects located close to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2020 Certified Assessed Valuation of property located within the District (see "SELECTED FINANCIAL INFORMATION") is \$756,575,505 and the 2021 Preliminary Assessed Valuation of property located within the District (see "SELECTED FINANCIAL INFORMATION") is \$770,386,271. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds will be \$2,643,356 (2039) and the average annual debt service requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds will be \$2,002,079 (2021-2039, inclusive). Assuming no increase to nor decrease from the 2020 Certified Assessed Valuation, tax rates of \$0.37 and \$0.28 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds, respectively. Assuming no increase to nor decrease from the 2021 Preliminary Assessed Valuation, tax rates of \$0.37 and \$0.28 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds and the average annual debt

service requirements on the Outstanding Levee Bonds, the Outstanding Park Bonds and the Levee Refunding Bonds, respectively.

The maximum annual debt service requirement on the Outstanding Road Bonds and the Road Refunding Bonds will be \$764,525 (2036) and the average annual debt service requirements on the Outstanding Road Bonds and the Road Refunding Bonds will be \$654,347 (2021-2039, inclusive). Assuming no increase to nor decrease from the 2020 Certified Assessed Valuation, tax rates of \$0.11 and \$0.10 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Road Bonds and the Road Refunding Bonds and the average annual debt service requirements on the Outstanding Road Bonds and the Road Refunding Bonds, respectively. Assuming no increase to nor decrease from the 2021 Preliminary Assessed Valuation, tax rates of \$0.11 and \$0.09 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Road Bonds and the Road Refunding Bonds and the average annual debt service requirements on the Outstanding Road Bonds and the Road Refunding Bonds, respectively.

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 proposed District tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to rates substantially higher than the levels discussed above 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.

Overlapping Taxes

Land within the District is provided water distribution, wastewater collection and storm drainage service by MUD 129 and MUD 149. The debt service on bonds issued by the MUD 129 and MUD 149 is paid from ad valorem taxes, which taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, the respective MUD, and other taxing jurisdictions must be added. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. MUD 129 and MUD 149 levied a 2020 tax rate of \$0.2925 and \$0.45, respectively. Such combined rates are higher than tax rates presently being levied in utility districts in the general vicinity of the District. The District can make no representation that taxable property values in the District and the MUDs will maintain value sufficient to support the continued payment of taxes by property owners. See "SELECTED FINANCIAL INFORMATION."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six months for commercial property and two years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolutions. Except for mandamus, the Bond Resolutions does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults and, consequently, the remedy of mandamus may have

to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolutions may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights and creditors of political subdivisions, such as the District.

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 applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond 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 Bond 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 Bond Insurer and its claim paying ability. The Bond 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 Bond Insurer and of the ratings on the Bonds insured by the Bond 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 "RATINGS."

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

Neither the District or Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Future Debt

Following the issuance of the Bonds, \$17,650,000 principal amount of unlimited tax bonds for the Levee System and for refunding purposes, \$0 principal amount of unlimited tax bonds for road improvements and refunding purposes, and \$1,213,402 for parks and recreational facilities and for refunding purposes will remain authorized and unissued. See "THE BONDS - Issuance of Additional Debt". The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolutions. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Resolutions contain covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by 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, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

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.

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 water districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and Environmental Protection Agency’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.

In 2015, the EPA and the United States Army Corps of Engineers (“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 expands the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on water districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

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.

LEGAL MATTERS

Legal Opinions

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

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

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.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

In the opinion of The Muller Law Group PLLC, Bond Counsel (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually

(with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Not Qualified Tax-Exempt Obligations

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b) of the code.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the District relating to (a) computation of the adequacy of the cash and Escrowed Securities deposited with the Escrow Agent to pay the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yields on the Bonds and was verified by Robert Thomas CPA LLC. The computations were independently verified by Robert Thomas CPA

LLC based upon certain assumptions and information supplied by the Underwriter on behalf of the District, and the District. Robert Thomas CPA LLC has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolutions, 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, audited financial statements and timely notice of specified material events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement included under the headings "SELECTED FINANCIAL INFORMATION," (except as to Estimated Overlapping Debt Statement) and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to EMMA.

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 ("Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt 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 within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, 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 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. 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 Resolutions make 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

Compliance With Prior Undertakings

The District is not aware of any material failures to comply, in the last five years, with any continuing disclosure agreements made by them in accordance with the Rule. A review of the District's disclosure undertakings and filings history, beginning in 2010, is available at www.emma.msrb.org.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended July 31, 2020, were prepared by McGrath & Co. PLLC, and have been included herein as "APPENDIX A." McGrath & Co. PLLC, Certified Public Accountant, has consented 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 Levee and Parks System, and, in particular, that engineering information included in the section entitled "THE DISTRICT - Description" has been provided by Costello, Inc. and that engineering information included in the section entitled "THE LEVEE AND DISTRICT SYSTEMS," has been provided by Costello, 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 "SELECTED FINANCIAL INFORMATION" was provided by the Fort Bend County Tax Office and the Appraisal District. Such information has been included herein in reliance upon the Fort Bend County Tax Office'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, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elects 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 when the District delivers the Bonds to the Underwriters, unless the Underwriters notify the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District’s obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District’s records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Fort Bend County Levee Improvement District No. 19 as of the date shown on the first page hereof.

/s/ Kalapi Sheth
President, Board of Directors
Fort Bend County Levee Improvement District No. 19

ATTEST:

/s/ Radhika Iyer
Secretary, Board of Directors
Fort Bend County Levee Improvement District No. 19

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 19**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2020

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McGRATH & CO., PLLC

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

Independent Auditors' Report

Board of Directors
Fort Bend County Levee Improvement District No. 19
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 19, as of and for the year ended July 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

***Board of Directors
Fort Bend County Levee Improvement District No. 19
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 Levee Improvement District No. 19, as of July 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

WCG & Co, LLC

Houston, Texas
November 20, 2020

Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2020***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 19 (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 July 31, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2020***

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at July 31, 2020, was negative \$1,703,150. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	\$ 15,794,982	\$ 15,617,847
Capital assets	23,917,013	23,854,437
Total assets	<u>39,711,995</u>	<u>39,472,284</u>
Total deferred outflows of resources	<u>394,075</u>	<u>422,223</u>
Current liabilities	3,277,324	3,421,219
Long-term liabilities	<u>38,531,896</u>	<u>40,966,172</u>
Total liabilities	<u>41,809,220</u>	<u>44,387,391</u>
Net position		
Net investment in capital assets	(262,154)	(1,506,984)
Restricted	5,188,063	5,236,666
Unrestricted	<u>(6,629,059)</u>	<u>(8,222,566)</u>
Total net position	<u>\$ (1,703,150)</u>	<u>\$ (4,492,884)</u>

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2020

The total net position of the District increased during the current fiscal year by \$2,789,734. 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		
Property taxes, penalties and interest	\$ 4,956,255	\$ 4,735,687
Grant reimbursements	440,536	
Other	181,710	193,073
Total revenues	<u>5,578,501</u>	<u>4,928,760</u>
Expenses		
Operating and administrative	947,597	1,178,469
Interest and fees	1,436,462	1,245,138
Developer interest		96,310
Debt issuance costs		840,836
Depreciation	385,323	350,918
Total expenses	<u>2,769,382</u>	<u>3,711,671</u>
Change in net position before other items	2,809,119	1,217,089
Other items		
Loss of disposition of capital asset	(65,398)	
Insurance proceeds	46,013	
Change in net position	2,789,734	1,217,089
Net position, beginning of year	<u>(4,492,884)</u>	<u>(5,709,973)</u>
Net position, end of year	<u>\$ (1,703,150)</u>	<u>\$ (4,492,884)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2020, were \$15,697,309, which consists of \$2,383,892 in the General Fund, \$5,748,284 in the Debt Service Fund and \$7,565,133 in the Capital Projects Fund.

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2020***

General Fund

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

	2020	2019
Total assets	<u>\$ 2,448,236</u>	<u>\$ 1,762,989</u>
Total liabilities	\$ 58,774	\$ 106,222
Total deferred inflows	5,570	5,638
Total fund balance	<u>2,383,892</u>	<u>1,651,129</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,448,236</u>	<u>\$ 1,762,989</u>

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

	2020	2019
Total revenues	\$ 1,512,315	\$ 1,005,788
Total expenditures	<u>(826,585)</u>	<u>(1,007,932)</u>
Revenues over/(under) expenditures	685,730	(2,144)
Other changes in fund balance	47,033	43,676
Net change in fund balance	<u>\$ 732,763</u>	<u>\$ 41,532</u>

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

Other changes in fund balance consist of insurance proceeds in the current year and a reimbursement from the Capital Projects Fund in the prior year.

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Debt Service Fund

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

	2020	2019
Total assets	<u>\$ 5,770,047</u>	<u>\$ 5,812,334</u>
Total liabilities	\$ -	\$ 26,815
Total deferred inflows	21,763	26,726
Total fund balance	<u>5,748,284</u>	<u>5,758,793</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,770,047</u>	<u>\$ 5,812,334</u>

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

	2020	2019
Total revenues	\$ 3,965,733	\$ 3,884,889
Total expenditures	<u>(3,976,242)</u>	<u>(3,683,951)</u>
Revenues over/(under) expenditures	(10,509)	200,938
Other changes in fund balance		<u>159,322</u>
Net change in fund balance	<u>\$ (10,509)</u>	<u>\$ 360,260</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. In the prior year, the District also received capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes 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 July 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	<u>\$ 7,576,699</u>	<u>\$ 8,042,524</u>
Total liabilities	\$ 11,566	\$ 199,329
Total fund balance	<u>7,565,133</u>	<u>7,843,195</u>
Total liabilities and fund balance	<u>\$ 7,576,699</u>	<u>\$ 8,042,524</u>

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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	\$ 105,483	\$ 56,584
Total expenditures	<u>(382,525)</u>	<u>(3,062,774)</u>
Revenues under expenditures	(277,042)	(3,006,190)
Other changes in fund balance	<u>(1,020)</u>	<u>10,522,002</u>
Net change in fund balance	<u>\$ (278,062)</u>	<u>\$ 7,515,812</u>

The District had considerable capital asset activity in the prior year, which was financed with proceeds from the issuance of its Series 2019 Unlimited Tax Levee Bonds. The District did not have any significant capital asset activity in the current year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$692,083 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 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.

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

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 16,741,495	\$ 16,746,292
Construction in progress	279,324	449,496
	<u>17,020,819</u>	<u>17,195,788</u>
Capital assets being depreciated		
Infrastructure	2,703,940	2,257,143
Parks and recreational facilities	1,728,287	1,731,804
Landscaping improvements	3,821,508	3,645,362
Equipment	926,208	926,208
	<u>9,179,943</u>	<u>8,560,517</u>
Less accumulated depreciation		
Infrastructure	(304,547)	(244,459)
Parks and recreational facilities	(900,363)	(817,841)
Landscaping improvements	(967,695)	(765,472)
Equipment	(111,144)	(74,096)
	<u>(2,283,749)</u>	<u>(1,901,868)</u>
Depreciable capital assets, net	<u>6,896,194</u>	<u>6,658,649</u>
Capital assets, net	<u>\$ 23,917,013</u>	<u>\$ 23,854,437</u>

Capital asset additions during the current year consist of Hagerson Road interconnect facilities and replacement of the Riverstone emergency notification monument. Construction in progress consists of engineering fees related to the expansion of the Steep Bank Creek pump station.

Fort Bend County assumes responsibility for road facilities constructed within the county. Consequently, these facilities are not considered as capital assets on the District's financial statement but are recorded as transfers to other governments upon completion of construction.

Long-Term Debt and Related Liabilities

As of July 31, 2020, the District owes approximately \$2,134,364 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

**Fort Bend County Levee Improvement District No. 19
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At July 31, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2009 Levee	\$ 155,000	\$ 300,000
2012 Road	5,435,000	5,635,000
2012 Levee	5,035,000	5,250,000
2013 Levee	8,665,000	8,960,000
2014 Road	4,620,000	4,770,000
2015 Refunding	3,230,000	3,265,000
2016 Park	1,530,000	3,030,000
2019 Levee	10,725,000	10,725,000
	\$ 39,395,000	\$ 41,935,000

At July 31, 2020, the District had \$17,650,000 unlimited tax levee improvement bonds authorized, but unissued for flood control levee and drainage facilities within the District and \$3,563,402 (including applied bid premium) for parks and recreational facilities.

Next Year's Budget

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

	2020 Actual	2021 Budget
Total revenues	\$ 1,512,315	\$ 1,111,600
Total expenditures	(826,585)	(1,014,100)
Revenues under expenditures	685,730	97,500
Other changes in fund balance	47,033	14,879
Net change in fund balance	732,763	112,379
Beginning fund balance	1,651,129	2,383,892
Ending fund balance	\$ 2,383,892	\$ 2,496,271

Property Taxes

The District's property tax base increased approximately \$31,975,000 for the 2020 tax year from \$724,012,877 to \$755,987,896. This increase was primarily due to new construction in the District and increased property values. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.175 per \$100 of assessed value and a levee and park debt service tax rate of \$0.28 per \$100 of assessed value and a road debt service tax rate of \$0.105, for a total combined tax rate of \$0.56 per \$100. Tax rates for the 2019 tax year were \$0.145 per \$100 for maintenance and operations, \$0.43 per \$100 for levee and park debt service and \$0.105 per \$100 for road debt service for a combined total of \$0.68 per \$100 of assessed value.

*Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2020*

Infectious Disease Outlook (COVID-19)

As further discussed in Note 13, 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.

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Basic Financial Statements

Fort Bend County Levee Improvement District No. 19
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 18,579	\$ 6,417	\$ 100	\$ 25,096	\$ -	\$ 25,096
Investments	2,383,035	5,718,544	7,462,571	15,564,150		15,564,150
Taxes receivable	5,570	21,763		27,333		27,333
Internal balances	8,833	6,046	(14,879)			
Due from other governments	24,923		128,907	153,830		153,830
Accrued interest receivable		17,277		17,277		17,277
Other receivables	7,296			7,296		7,296
Capital assets not being depreciated					17,020,819	17,020,819
Capital assets, net					6,896,194	6,896,194
Total Assets	<u>\$ 2,448,236</u>	<u>\$ 5,770,047</u>	<u>\$ 7,576,699</u>	<u>\$ 15,794,982</u>	<u>23,917,013</u>	<u>39,711,995</u>
Deferred Outflows of Resources						
Deferred difference on refunding					394,075	394,075
Liabilities						
Accounts payable	\$ 51,061	\$ -	\$ 11,566	\$ 62,627		62,627
Other payables	7,713			7,713		7,713
Accrued interest payable					581,984	581,984
Due to developers					2,134,364	2,134,364
Long-term debt						
Due within one year					2,625,000	2,625,000
Due after one year					36,397,532	36,397,532
Total Liabilities	<u>58,774</u>	<u></u>	<u>11,566</u>	<u>70,340</u>	<u>41,738,880</u>	<u>41,809,220</u>
Deferred Inflows of Resources						
Deferred property taxes	5,570	21,763		27,333	(27,333)	
Fund Balances/Net Position						
Fund Balances						
Restricted		5,748,284	7,565,133	13,313,417	(13,313,417)	
Unassigned	2,383,892			2,383,892	(2,383,892)	
Total Fund Balances	<u>2,383,892</u>	<u>5,748,284</u>	<u>7,565,133</u>	<u>15,697,309</u>	<u>(15,697,309)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,448,236</u>	<u>\$ 5,770,047</u>	<u>\$ 7,576,699</u>	<u>\$ 15,794,982</u>		
Net Position						
Net investment in capital assets					(262,154)	(262,154)
Restricted for debt service					5,188,063	5,188,063
Unrestricted					(6,629,059)	(6,629,059)
Total Net Position					<u>\$ (1,703,150)</u>	<u>\$ (1,703,150)</u>

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 19

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$1,051,239	\$3,879,228	\$ -	\$ 4,930,467	\$ (5,030)	\$ 4,925,437
Penalties and interest		30,818		30,818		30,818
Grant reimbursements	440,536			440,536		440,536
Miscellaneous	2,300		8,004	10,304		10,304
Investment earnings	18,240	55,687	97,479	171,406		171,406
Total Revenues	1,512,315	3,965,733	105,483	5,583,531	(5,030)	5,578,501
Expenditures/Expenses						
Operating and administrative						
Professional fees	174,612		40,565	215,177		215,177
Contracted services	96,210	73,783		169,993		169,993
Repairs and maintenance	385,634			385,634		385,634
Administrative	61,066	3,491		64,557		64,557
Other	10,869	3,161	12	14,042		14,042
Joint pump station	98,194			98,194		98,194
Capital outlay			341,948	341,948	(341,948)	
Debt service						
Principal		2,540,000		2,540,000	(2,540,000)	
Interest and fees		1,355,807		1,355,807	80,655	1,436,462
Depreciation					385,323	385,323
Total Expenditures/Expenses	826,585	3,976,242	382,525	5,185,352	(2,415,970)	2,769,382
Revenues Over (Under)						
Expenditures/Expenses	685,730	(10,509)	(277,042)	398,179	2,410,940	2,809,119
Other Financing Sources/(Uses)						
Internal transfers	1,020		(1,020)			
Other Items						
Loss on disposition of asset					(65,398)	(65,398)
Insurance proceeds	46,013			46,013		46,013
Net Change in Fund Balances	732,763	(10,509)	(278,062)	444,192	(444,192)	
Change in Net Position					2,789,734	2,789,734
Fund Balance/Net Position						
Beginning of the year	1,651,129	5,758,793	7,843,195	15,253,117	(19,746,001)	(4,492,884)
End of the year	\$2,383,892	\$5,748,284	\$7,565,133	\$ 15,697,309	\$ (17,400,459)	\$ (1,703,150)

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 19 (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 Commissioners’ Court of Fort Bend County, Texas dated October 24, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 57 and Texas Special District Local Laws Code Chapter 7804. The Board of Directors held its first meeting on November 30, 2006 and the first bonds were sold on May 18, 2009.

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

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

Measurement Focus and Basis of Accounting

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

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

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

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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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 July 31, 2020, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Depreciable capital assets, which primarily consist of flood control, drainage and recreational facilities and landscaping improvements, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20-45 years
Park and recreational facilities	10-45 years
Landscaping improvements	20 years
Equipment	25 years

The District’s detention facilities and levee system 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources (continued)

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 a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to Fort Bend County 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 Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		\$ 15,697,309
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Historical cost	\$ 26,200,762	
Less accumulated depreciation	<u>(2,283,749)</u>	
Change due to capital assets		23,917,013
<p>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.</p>		
		394,075
<p>Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i>.</p>		
		(2,134,364)
<p>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:</p>		
Bonds payable, net	(39,022,532)	
Interest payable on bonds	<u>(581,984)</u>	
Change due to long-term debt		(39,604,516)
<p>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.</p>		
Property taxes receivable	22,369	
Penalty and interest receivable	<u>4,964</u>	
Change due to property taxes		27,333
Total net position - governmental activities		<u><u>\$ (1,703,150)</u></u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

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

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

Net change in fund balances - total governmental funds	\$	444,192	
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.			(5,030)
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the <i>Statement of Activities</i> , the cost of capital assets is charged to expense over the estimated useful life of the asset.			
Capital outlays	\$	341,948	
Depreciation expense		<u>(385,323)</u>	
			(43,375)
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.			
Principal payments		2,540,000	
Interest expense accrual		<u>(80,655)</u>	
			2,459,345
The book value of the disposition of capital assets in the government wide statements is recorded as a loss in the <i>Statement of Net Position</i> .			(65,398)
Change in net position of governmental activities	<u>\$</u>	<u>2,789,734</u>	

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) 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 Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 3 – Deposits and Investments (continued)

Investments

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

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

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

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	\$ 761,590	5%	N/A	N/A
TexPool	Debt Service	1,134,924	55%	AAAm	28 days
	Capital Projects	7,449,825			
		<u>8,584,749</u>			
Texas CLASS	General	2,383,035	40%	AAAm	52 days
	Debt Service	3,822,030			
	Capital Projects	12,746			
		<u>6,217,811</u>			
Total		<u>\$ 15,564,150</u>	<u>100%</u>		

The District's investments in certificates of deposit are reported at cost.

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 Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 4 – Interfund Balances and Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 6,046	Debt Service tax collections not remitted as of year end
General Fund	Capital Projects Fund	14,879	Bond application fees and construction costs paid by the General Fund

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

A summary of internal transfers for the current fiscal year is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>	<u>Purpose</u>
Capital Projects Fund	General Fund	\$ 1,020	Reimbursement of capital outlay paid by General Fund

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 16,746,292	\$ (4,797)	\$ -	\$ 16,741,495
Construction in progress	449,496	222,215	(392,387)	279,324
	<u>17,195,788</u>	<u>217,418</u>	<u>(392,387)</u>	<u>17,020,819</u>
Capital assets being depreciated				
Infrastructure	2,257,143	446,797		2,703,940
Parks and recreational facilities	1,731,804	65,323	(68,840)	1,728,287
Landscaping improvements	3,645,362	176,146		3,821,508
Equipment	926,208			926,208
	<u>8,560,517</u>	<u>688,266</u>	<u>(68,840)</u>	<u>9,179,943</u>
Less accumulated depreciation				
Infrastructure	(244,459)	(60,088)		(304,547)
Parks and recreational facilities	(817,841)	(85,964)	3,442	(900,363)
Landscaping improvements	(765,472)	(202,223)		(967,695)
Equipment	(74,096)	(37,048)		(111,144)
	<u>(1,901,868)</u>	<u>(385,323)</u>	<u>3,442</u>	<u>(2,283,749)</u>
Subtotal depreciable capital assets, net	<u>6,658,649</u>	<u>302,943</u>	<u>(65,398)</u>	<u>6,896,194</u>
Capital assets, net	<u>\$ 23,854,437</u>	<u>\$ 520,361</u>	<u>\$ (457,785)</u>	<u>\$ 23,917,013</u>

Depreciation expense for the current year was \$385,323.

During the year the District recorded a loss on disposition of capital assets on the *Statement of Activities* in the amount of \$65,398 for the removal of damaged monumentation.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of flood control, drainage, and park and recreational facilities and road improvements. 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 6 – Due to Developers (continued)

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

Due to developers, beginning of year	\$ 1,963,015
Developer funded adjustments	<u>171,349</u>
Due to developers, end of year	<u>\$ 2,134,364</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 39,395,000
Unamortized discounts	(541,263)
Unamortized premium	<u>168,795</u>
	<u>\$ 39,022,532</u>
Due within one year	<u>\$ 2,625,000</u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 7 – Long-Term Debt (continued)

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2009 Levee	\$ 155,000	\$ 4,260,000	4.80%-5.20%	September 1, 2011 to 2020	September 1, March 1	September 1, 2018
2012 Road	5,435,000	6,500,000	2.25%-4.20%	September 1, 2014 to 2036	September 1, March 1	September 1, 2021
2012 Levee	5,035,000	6,210,000	2.00%-3.625%	September 1, 2014 to 2035	September 1, March 1	September 1, 2021
2013 Levee	8,665,000	10,000,000	3.25%-5.00%	September 1, 2015 to 2037	September 1, March 1	September 1, 2021
2014 Road	4,620,000	5,300,000	3.00%-3.75%	September 1, 2015 to 2039	September 1, March 1	September 1, 2022
2015 Refunding	3,230,000	3,420,000	2.00%-4.00%	September 1, 2016 to 2033	September 1, March 1	September 1, 2025
2016 Park	1,530,000	5,935,000	1.00%-1.375%	September 1, 2017 to 2020	September 1, March 1	N/A
2019 Levee	10,725,000	10,725,000	3.25%-5.00%	September 1, 2015 to 2037	September 1, March 1	September 1, 2023
	<u>\$ 39,395,000</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.

As of July 31, 2020, the District has authorized but unissued bonds in the amount of \$17,650,000 for the construction of flood control levee and drainage facilities and \$3,563,402 (including applied bond premium) for the construction of park and recreational facilities.

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

Bonds payable, beginning of year	\$ 41,935,000
Bonds retired	<u>(2,540,000)</u>
Bonds payable, end of year	<u>\$ 39,395,000</u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 7 – Long-Term Debt (continued)

As of July 31, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 2,625,000	\$ 1,349,985	\$ 3,974,985
2022	1,365,000	1,302,716	2,667,716
2023	1,410,000	1,264,283	2,674,283
2024	1,455,000	1,223,232	2,678,232
2025	1,500,000	1,177,676	2,677,676
2026	1,550,000	1,128,006	2,678,006
2027	1,605,000	1,074,173	2,679,173
2028	1,670,000	1,015,284	2,685,284
2029	1,730,000	952,264	2,682,264
2030	1,800,000	885,424	2,685,424
2031	1,870,000	814,612	2,684,612
2032	1,945,000	739,818	2,684,818
2033	2,025,000	660,499	2,685,499
2034	2,110,000	576,839	2,686,839
2035	2,200,000	490,511	2,690,511
2036	2,295,000	401,154	2,696,154
2037	2,395,000	308,854	2,703,854
2038	2,500,000	216,705	2,716,705
2039	2,615,000	129,188	2,744,188
2040	2,730,000	43,671	2,773,671
	<u>\$ 39,395,000</u>	<u>\$ 15,754,895</u>	<u>\$ 55,149,895</u>

Note 8 – Property Taxes

On May 12, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. On November 6, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for maintenance of road facilities limited to \$0.25 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 8 – Property Taxes (continued)

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 \$0.68 per \$100 of assessed value, of which \$0.145 was allocated to maintenance and operations, \$0.43 was allocated to levee and park debt service and \$0.105 was allocated to road debt service. The resulting tax levy was \$4,923,319 on the adjusted taxable value of \$724,012,877.

Property taxes receivable, at July 31, 2020, consisted of the following:

Current year taxes receivable	\$ 20,284
Prior years taxes receivable	2,085
	<hr/>
	22,369
Penalty and interest receivable	4,964
	<hr/>
Property taxes receivable	<u>\$ 27,333</u>

Note 9 – Maintenance Agreement for Regional Recreational Facilities

On July 1, 2018, the District and Fort Bend County Levee Improvement District No. 15 (“LID 15”) entered into an agreement with Riverstone Homeowners Association (the “HOA”) for the use, operation and maintenance of recreational facilities. This is an annual agreement that expired June 30, 2019. The District, LID 15 and the HOA executed a new agreement effective July 1, 2019.

Under the agreements, the District agrees to grant the HOA the right to use, operate, maintain, manage and administer the portion of the facilities that serve public recreational purposes so long as the purposes do not interfere with the District’s use of the facilities for detention or drainage purposes. During the term of the agreements, the HOA manages the grounds keeping and landscaping maintenance needed on the facilities. During the current fiscal year, the District incurred expenses of \$198,192 pursuant to the agreements.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 10 – Maintenance Agreement for Regional Pump Station (continued)

On July 28, 2014, the District entered into a Maintenance Agreement for Regional Pump Station (the “Agreement”) with Fort Bend County Levee Improvement District No. 15 (“LID 15”), as subsequently amended on August 1, 2018 and on April 25, 2019. The Agreement outlines the ownership, operation, maintenance and repair of the jointly constructed regional Steep Bank Creek storm water pump station (the “Pump Station”). Each district agrees to share in all operating, maintenance and repair costs (the “Operating Expenses”) in accordance with each District’s pro rata share. The Joint Operating Committee (the “JOC”), established by the Second Amendment, shall manage the operation and maintenance of the Pump Station for the benefit of both Districts. The JOC is comprised of four directors, two from each District. The JOC shall be authorized to undertake expenses less than \$10,000 after approval by a majority of the JOC. The JOC shall not undertake any Operating Expenses estimated to exceed \$10,000 without first recommending such expense to both Districts. Operating expenses projected to exceed \$50,000 must be approved by both Boards. The District bills LID 15 on a quarterly basis for its portion of operating expenses incurred. During the current year, the District incurred operating expenses of \$196,324, of which \$98,130 was billed to LID 15, for a net expenses to the District of \$98,194.

Note 11 – Cost Sharing Agreement for Hagerson Road Storm Sewer and Interconnect Facilities

On February 25, 2019, the District entered into an amended and restated cost sharing agreement with Fort Bend County Municipal Utility District No. 149 (“MUD 149”) and Fort Bend Levee Improvement District No. 15 (“LID 15”) for the construction of storm sewer and interconnect facilities to serve Hagerson Road. Each district will have an equitable ownership interest in the facilities based on the pro rata share of costs paid. MUD 149 will retain legal title and be responsible for operation and maintenance of the project, with the exception of certain facilities which will be conveyed to LID 15 upon completion of construction. The project was completed during the current year with the District’s portion of construction costs being \$446,797.

Note 12 – 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2020

Note 13 – Infectious Disease Outlook (COVID-19)

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

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

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District’s operations and financial condition.

Note 14 – Subsequent Event

On October 27, 2020, the District issued its \$2,350,000 Series 2020 Unlimited Tax Park Bonds at a net effective rate of 1.878344%. Proceeds from the bonds were used to reimburse the District’s developers for park and recreation improvements in the District.

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Required Supplementary Information

*Fort Bend County Levee Improvement District No. 19
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended July 31, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 1,000,000	\$ 1,051,239	\$ 51,239
FEMA reimbursements		440,536	440,536
Miscellaneous	5,000	2,300	(2,700)
Investment earnings	40,000	18,240	(21,760)
Total Revenues	<u>1,045,000</u>	<u>1,512,315</u>	<u>467,315</u>
Expenditures			
Operating and administrative			
Professional fees	307,000	174,612	132,388
Contracted services	100,400	96,210	4,190
Repairs and maintenance	451,924	385,634	66,290
Administrative	87,250	61,066	26,184
Other	15,315	10,869	4,446
Joint pump station	42,431	98,194	(55,763)
Total Expenditures	<u>1,004,320</u>	<u>826,585</u>	<u>177,735</u>
Revenues Over Expenditures	40,680	685,730	645,050
Other Financing Sources			
Internal transfers		1,020	1,020
Insurance proceeds		46,013	46,013
Net Change in Fund Balance	40,680	732,763	692,083
Fund Balance			
Beginning of the year	1,651,129	1,651,129	
End of the year	<u>\$ 1,691,809</u>	<u>\$ 2,383,892</u>	<u>\$ 692,083</u>

Fort Bend County Levee Improvement District No. 19
Notes to Required Supplementary Information
July 31, 2020

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Fort Bend County Levee Improvement District No. 19
TSI-1. Services and Rates
July 31, 2020

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

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

2. Retail Service Providers N/A

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

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

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

See accompanying auditor's report.

Fort Bend County Levee Improvement District No. 19

TSI-1. Services and Rates

July 31, 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 pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </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: City of Missouri City

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 Missouri City

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

If Yes, by whom? _____

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-2 General Fund Expenditures
For the Year Ended July 31, 2020

Professional fees		
Legal	\$	119,280
Audit		14,000
Engineering		41,332
		<u>174,612</u>
Contracted services		
Bookkeeping		28,630
Operator		67,580
		<u>96,210</u>
Repairs and maintenance		<u>385,634</u>
Administrative		
Directors fees		16,500
Printing and office supplies		3,047
Insurance		5,738
Other		35,781
		<u>61,066</u>
Other		<u>10,869</u>
Joint pump station		<u>98,194</u>
Total expenditures	\$	<u><u>826,585</u></u>

Reporting of Utility Services in Accordance with Chapter 2264, Texas Government Code:

	<u>Usage</u>	<u>Cost</u>
Electrical	84,077 kWh	\$ 28,226
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-3. Investments
July 31, 2020

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
Texas CLASS	Variable	N/A	\$ 2,383,035	\$ -
Debt Service				
Texas CLASS	Variable	N/A	3,822,030	
TexPool	Variable	N/A	1,134,924	
Certificate of deposit	2.30%	8/6/20	761,590	17,277
			<u>5,718,544</u>	<u>17,277</u>
Capital Projects				
Texas CLASS	Variable	N/A	12,746	
TexPool	Variable	N/A	314,000	
TexPool	Variable	N/A	7,135,825	
			<u>7,462,571</u>	
Total - All Funds			<u>\$ 15,564,150</u>	<u>\$ 17,277</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-4. Taxes Levied and Receivable
July 31, 2020

	Maintenance Taxes	Levee and Park Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 5,638	\$ 17,329	\$ 4,434	\$ 27,401
Adjustments	1,158	417	75	1,650
Adjusted Receivable	6,796	17,746	4,509	29,051
2019 Original Tax Levy	1,047,130	3,105,281	758,266	4,910,677
Adjustments	2,696	7,994	1,952	12,642
Adjusted Tax Levy	1,049,826	3,113,275	760,218	4,923,319
Total to be accounted for	1,056,622	3,131,021	764,727	4,952,370
Tax collections				
Current year	1,045,500	3,100,448	757,086	4,903,034
Prior years	5,552	17,053	4,362	26,967
Total Collections	1,051,052	3,117,501	761,448	4,930,001
Taxes Receivable, End of Year	\$ 5,570	\$ 13,520	\$ 3,279	\$ 22,369
Taxes Receivable, By Years				
2019	\$ 4,325	\$ 12,827	\$ 3,132	\$ 20,284
2018	39	120	31	190
2017	19	59	15	93
2016 and prior	1,187	514	101	1,802
Taxes Receivable, End of Year	\$ 5,570	\$ 13,520	\$ 3,279	\$ 22,369
	2019	2018	2017	2016
Property Valuations				
Land	\$ 139,610,237	\$ 133,411,543	\$ 130,140,267	\$ 122,422,937
Improvements	593,792,114	565,866,935	567,781,010	540,532,661
Personal Property	1,998,720	1,980,600	1,820,690	2,086,120
Exemptions	(11,388,194)	(6,490,856)	(38,264,178)	(10,069,195)
Total Property Valuations	\$ 724,012,877	\$ 694,768,222	\$ 661,477,789	\$ 654,972,523
Tax Rates per \$100 Valuation				
Maintenance tax rates	\$ 0.145	\$ 0.14	\$ 0.14	\$ 0.11
Levee debt service tax rates	0.430	0.43	0.43	0.45
Road debt service tax rates	0.105	0.11	0.11	0.12
Total Tax Rates per \$100 Valuation	\$ 0.680	\$ 0.68	\$ 0.68	\$ 0.68
Adjusted Tax Levy	\$ 4,923,319	\$ 4,724,424	\$ 4,498,049	\$ 4,453,813
Percentage of Taxes Collected to Taxes Levied **	99.588%	99.996%	99.998%	99.998%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on May 12, 2007

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 6, 2007

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

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2009 Levee--by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 155,000	\$ 4,030	\$ 159,030

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2012 Road--by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 210,000	\$ 202,879	\$ 412,879
2022	220,000	196,691	416,691
2023	230,000	189,826	419,826
2024	245,000	182,219	427,219
2025	255,000	173,841	428,841
2026	270,000	164,781	434,781
2027	280,000	155,017	435,017
2028	295,000	144,519	439,519
2029	310,000	133,249	443,249
2030	325,000	121,180	446,180
2031	345,000	108,024	453,024
2032	360,000	93,924	453,924
2033	380,000	79,124	459,124
2034	395,000	63,377	458,377
2035	415,000	46,514	461,514
2036	440,000	28,560	468,560
2037	460,000	9,660	469,660
	<u>\$ 5,435,000</u>	<u>\$ 2,093,385</u>	<u>\$ 7,528,385</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2012 Levee --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 225,000	\$ 163,594	\$ 388,594
2022	235,000	157,550	392,550
2023	245,000	150,644	395,644
2024	255,000	143,144	398,144
2025	265,000	135,178	400,178
2026	280,000	126,663	406,663
2027	290,000	117,575	407,575
2028	305,000	107,906	412,906
2029	315,000	97,634	412,634
2030	330,000	86,750	416,750
2031	345,000	75,144	420,144
2032	355,000	62,894	417,894
2033	375,000	50,119	425,119
2034	390,000	36,731	426,731
2035	405,000	22,566	427,566
2036	420,000	7,613	427,613
	<u>\$ 5,035,000</u>	<u>\$ 1,541,705</u>	<u>\$ 6,576,705</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2013 Levee --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 310,000	\$ 384,819	\$ 694,819
2022	325,000	373,706	698,706
2023	340,000	362,494	702,494
2024	355,000	350,756	705,756
2025	375,000	337,513	712,513
2026	395,000	322,581	717,581
2027	410,000	306,225	716,225
2028	435,000	288,253	723,253
2029	455,000	268,500	723,500
2030	480,000	247,163	727,163
2031	500,000	224,500	724,500
2032	525,000	200,469	725,469
2033	555,000	174,125	729,125
2034	580,000	145,750	725,750
2035	610,000	116,000	726,000
2036	640,000	84,750	724,750
2037	670,000	52,000	722,000
2038	705,000	17,624	722,624
	<u>\$ 8,665,000</u>	<u>\$ 4,257,228</u>	<u>\$ 12,922,228</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 155,000	\$ 153,825	\$ 308,825
2022	160,000	149,100	309,100
2023	170,000	144,150	314,150
2024	175,000	138,975	313,975
2025	180,000	133,650	313,650
2026	190,000	128,100	318,100
2027	195,000	122,325	317,325
2028	205,000	116,325	321,325
2029	210,000	110,100	320,100
2030	220,000	103,375	323,375
2031	230,000	96,063	326,063
2032	240,000	88,125	328,125
2033	250,000	79,550	329,550
2034	260,000	70,625	330,625
2035	270,000	61,350	331,350
2036	280,000	51,375	331,375
2037	290,000	40,688	330,688
2038	300,000	29,625	329,625
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 4,620,000</u>	<u>\$ 1,841,513</u>	<u>\$ 6,461,513</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 40,000	\$ 111,675	\$ 151,675
2022	205,000	109,225	314,225
2023	205,000	105,125	310,125
2024	210,000	100,713	310,713
2025	220,000	95,050	315,050
2026	225,000	88,375	313,375
2027	230,000	80,400	310,400
2028	240,000	71,000	311,000
2029	250,000	61,200	311,200
2030	260,000	51,000	311,000
2031	270,000	40,400	310,400
2032	280,000	29,400	309,400
2033	295,000	17,900	312,900
2034	300,000	6,000	306,000
	<u>\$ 3,230,000</u>	<u>\$ 967,463</u>	<u>\$ 4,197,463</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2016 Park --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 1,530,000	\$ 10,519	\$ 1,540,519

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2019 Levee --by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ -	\$ 318,644	\$ 318,644
2022	220,000	316,444	536,444
2023	220,000	312,044	532,044
2024	215,000	307,425	522,425
2025	205,000	302,444	507,444
2026	190,000	297,506	487,506
2027	200,000	292,631	492,631
2028	190,000	287,281	477,281
2029	190,000	281,581	471,581
2030	185,000	275,956	460,956
2031	180,000	270,481	450,481
2032	185,000	265,006	450,006
2033	170,000	259,681	429,681
2034	185,000	254,356	439,356
2035	500,000	244,081	744,081
2036	515,000	228,856	743,856
2037	975,000	206,506	1,181,506
2038	1,495,000	169,456	1,664,456
2039	2,300,000	111,094	2,411,094
2040	2,405,000	37,578	2,442,578
	<u>\$ 10,725,000</u>	<u>\$ 5,039,053</u>	<u>\$ 15,764,053</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 2,625,000	\$ 1,349,985	\$ 3,974,985
2022	1,365,000	1,302,716	2,667,716
2023	1,410,000	1,264,283	2,674,283
2024	1,455,000	1,223,232	2,678,232
2025	1,500,000	1,177,676	2,677,676
2026	1,550,000	1,128,006	2,678,006
2027	1,605,000	1,074,173	2,679,173
2028	1,670,000	1,015,284	2,685,284
2029	1,730,000	952,264	2,682,264
2030	1,800,000	885,424	2,685,424
2031	1,870,000	814,612	2,684,612
2032	1,945,000	739,818	2,684,818
2033	2,025,000	660,499	2,685,499
2034	2,110,000	576,839	2,686,839
2035	2,200,000	490,511	2,690,511
2036	2,295,000	401,154	2,696,154
2037	2,395,000	308,854	2,703,854
2038	2,500,000	216,705	2,716,705
2039	2,615,000	129,188	2,744,188
2040	2,730,000	43,671	2,773,671
	<u>\$ 39,395,000</u>	<u>\$ 15,754,895</u>	<u>\$ 55,149,895</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-6. Change in Long-Term Bonded Debt
July 31, 2020

	Bond Issue			
	Series 2009 Levee	Series 2012 Road	Series 2012 Levee	Series 2013 Levee
Interest rate	4.80% - 5.20%	2.25% - 4.20%	2.00% - 3.625%	3.25% - 5.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/11 - 9/1/20	9/1/14 - 9/1/36	9/1/14 - 9/1/35	9/1/15 - 9/1/37
Beginning bonds outstanding	\$ 300,000	\$ 5,635,000	\$ 5,250,000	\$ 8,960,000
Bonds retired	(145,000)	(200,000)	(215,000)	(295,000)
Ending bonds outstanding	\$ 155,000	\$ 5,435,000	\$ 5,035,000	\$ 8,665,000
Interest paid during fiscal year	\$ 11,685	\$ 208,266	\$ 168,691	\$ 395,406
Paying agent's name and city				
Series 2009 Levee		Wells Fargo Bank, N.A., Houston, Texas		
Series 2012 Road, 2012 Levee, and 2013 Levee		The Bank of New York Mellon Trust Company, N.A.		
Series 2014 Road, 2015 Refunding, 2016 Park and 2019 Levee		Amegy Bank, a division of ZB, N.A., Houston, Texas		
Bond Authority:	Flood Control and Drainage Bonds	Parks and Recreational Facilities Bonds	Road Bonds	
Amount Authorized by Voters	\$ 49,200,000	\$ 9,500,000	\$ 11,800,000	
Amount Issued	(31,550,000)	5,936,598	(11,800,000)	
Remaining To Be Issued	\$ 17,650,000	\$ 3,563,402	\$ -	

Amount remaining to be issued for parks and recreational facilities bonds includes applied bid premium.

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

Debt Service Fund cash and investments balances as of July 31, 2020:	\$ 5,724,961
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 2,757,495

See accompanying auditors' report.

Bond Issue

Series 2014 Road	Series 2015 Refunding	Series 2016 Park	Series 2019 Levee	Totals
3.00% - 3.75% 9/1; 3/1 9/1/15 - 9/1/39	2.00% - 4.00% 9/1; 3/1 9/1/16 - 9/1/33	1.00% - 1.375% 9/1; 3/1 9/1/17 - 9/1/20	2.000% - 3.125% 9/1; 3/1 9/1/21 - 9/1/39	
\$ 4,770,000	\$ 3,265,000	\$ 3,030,000	\$ 10,725,000	\$ 41,935,000
(150,000)	(35,000)	(1,500,000)		(2,540,000)
<u>\$ 4,620,000</u>	<u>\$ 3,230,000</u>	<u>\$ 1,530,000</u>	<u>\$ 10,725,000</u>	<u>\$ 39,395,000</u>
<u>\$ 158,400</u>	<u>\$ 112,425</u>	<u>\$ 30,413</u>	<u>\$ 292,090</u>	<u>\$ 1,377,376</u>

Fort Bend County Levee Improvement District No. 19
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	\$ 1,051,239	\$ 967,120	\$ 923,635	\$ 720,118	\$ 609,659
Intergovernmental	440,536		4,652	50,146	208,702
Miscellaneous	2,300	5,700	6,700	12,600	6,800
Investment earnings	18,240	32,968	28,197	15,207	6,953
Total Revenues	1,512,315	1,005,788	963,184	798,071	832,114
Expenditures					
Operating and administrative					
Professional fees	174,612	414,136	589,129	117,360	154,766
Contracted services	96,210	101,682	513,187	89,549	89,307
Repairs and maintenance	385,634	396,880	451,082	205,491	177,414
Administrative	61,066	65,081	81,355	44,428	30,206
Other	10,869	15,256	57,433	12,946	10,857
Joint pump station	98,194	14,897	34,888	26,136	36,273
Capital outlay			941,076	377,279	192,300
Total Expenditures	826,585	1,007,932	2,668,150	873,189	691,123
Revenues Over/(Under) Expenditures	\$ 685,730	\$ (2,144)	\$ (1,704,966)	\$ (75,118)	\$ 140,991

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
70%	96%	96%	90%	73%
29%		*	6%	25%
*	1%	1%	2%	1%
1%	3%	3%	2%	1%
100%	100%	100%	100%	100%
12%	42%	61%	15%	19%
6%	10%	53%	11%	11%
25%	40%	47%	26%	21%
4%	6%	8%	6%	4%
1%	2%	6%	2%	1%
6%	1%	4%	3%	4%
		98%	47%	23%
54%	101%	277%	110%	83%
46%	(1%)	(177%)	(10%)	17%

Fort Bend County Levee Improvement District No. 19
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	\$ 3,879,228	\$ 3,745,573	\$ 3,568,079	\$ 3,734,367	\$ 3,361,004
Penalties and interest	30,818	41,495	19,923	16,270	15,020
Accrued interest on bonds sold				4,633	9,334
Miscellaneous		50	75	50	50
Investment earnings	55,687	97,771	57,668	25,146	7,866
Total Revenues	<u>3,965,733</u>	<u>3,884,889</u>	<u>3,645,745</u>	<u>3,780,466</u>	<u>3,393,274</u>
Expenditures					
Tax collection services	77,274	76,828	68,275	64,524	57,254
Other	3,161	4,000	10,000		
Debt service					
Principal	2,540,000	2,465,000	2,385,000	960,000	815,000
Interest and fees	1,355,807	1,138,123	1,183,620	1,188,515	1,175,470
Debt issuance costs					121,648
Total Expenditures	<u>3,976,242</u>	<u>3,683,951</u>	<u>3,646,895</u>	<u>2,213,039</u>	<u>2,169,372</u>
Revenues Over/(Under) Expenditures	<u>\$ (10,509)</u>	<u>\$ 200,938</u>	<u>\$ (1,150)</u>	<u>\$ 1,567,427</u>	<u>\$ 1,223,902</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
98%	96%	97%	99%	100%
1%	1%	1%	*	*
			*	*
	*	*	*	*
1%	3%	2%	1%	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
*	*	*		
65%	63%	66%	25%	24%
34%	29%	33%	31%	35%
				4%
101%	94%	101%	58%	65%
(1%)	6%	(1%)	42%	35%

Fort Bend County Levee Improvement District No. 19
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2020

Complete District Mailing Address: 202 Century Square Blvd, Sugar Land, TX 77478
District Business Telephone Number: (281) 500-6050
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): March 22, 2019
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Kalapi D Sheth	05/20 to 05/24	\$ 3,900	\$ 153	President
Dean Cooper	05/20 to 05/24	4,350	208	Vice President
John Arndt	05/18 to 05/22	2,850	120	Assistant Secretary
Radhika Iyer	05/18 to 05/22	1,950	52	Secretary
Glenn Wong	03/19 to 05/22	3,450	137	Assistant Vice President
Amounts Paid				
Consultants				
The Muller Law Group, PLLC <i>General legal fees</i> <i>Bond counsel</i>	2014	\$ 137,614		Attorney
Levee Management Services, LLC	2012	248,596		Operator
Municipal Accounts & Consulting, L.P.	2020	11,074		Bookkeeper
AVANTA Services	2006	24,739		Former Bookkeeper
Fort Bend County Tax Office	2020			Tax Collector
Esther Flores, RTA, d.b.a. Tax Tech, Inc.	2006	28,731		Former Tax Collector
Fort Bend Central Appraisal District	Annual	31,256		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LP	2007	4,542		Delinquent Tax Attorney
Costello, Inc. <i>Amounts paid directly by district</i> <i>Amounts paid through developer reimbursements</i>	2006	244,086		Engineer
McGrath & Co., PLLC <i>Annual audit</i> <i>Developer reimbursement report</i>	2011	14,000		Auditor
Robert W. Baird & Co., Inc.	2015			Financial Advisor
Yellowstone Landscape	2015	109,411		Landscape Maintenance
Aptim Environmental & Infrastructure, Inc.	2018	62,671		Engineer
TBG Partners, Inc	2017	17,228		Landscape Architect

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

APPENDIX B
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

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

APPENDIX C
DISTRICT SCHEDULE OF ACCRETED VALUES
FOR PREMIUM CAPITAL APPRECIATION BONDS

Date	PCAB Bond 09/01/2022 18.98104535%	PCAB Bond 09/01/2023 3.480040953%
06/08/2021	4,000.00	4,629.63
09/01/2021	4,170.75	4,666.60
03/01/2022	4,566.60	4,747.80
09/01/2022	5,000.00	4,830.40
03/01/2023		4,914.45
09/01/2023		5,000.00