

OFFICIAL STATEMENT DATED MAY 11, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 15. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL, RESPECTIVELY.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry-Only

Rating: Moody's "Aa3"

See "MUNICIPAL BOND RATING" herein.

\$5,375,000

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 15
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

Dated: June 1, 2021

Due: September 1, as shown on the inside cover

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

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (Sept 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2021	\$ 70,000	3.00 %	0.23 %	34679T VG7	2029	\$ 360,000 (c)	2.00 %	1.29 %	34679T VQ5
2022	295,000	3.00	0.25	34679T VH5	2030	360,000 (c)	2.00	1.46	34679T VR3
2023	295,000	3.00	0.37	34679T VJ1	2031	370,000 (c)	2.00	1.58	34679T VS1
2024	310,000	3.00	0.56	34679T VK8	2032	380,000 (c)	2.00	1.66	34679T VT9
2025	320,000	3.00	0.71	34679T VL6	2033	385,000 (c)	2.00	1.70	34679T VU6
2026	330,000	3.00	0.90	34679T VM4	2034	545,000 (c)	2.00	1.73	34679T VV4
2027	345,000 (c)	3.00	1.07	34679T VN2	2035	660,000 (c)	2.00	1.77	34679T VW2
2028	350,000 (c)	2.00	1.18	34679T VP7					

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

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Levee Improvement District No. 15 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, the City of Missouri City, or any entity other than the District. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry-form through DTC is expected on or about June 15, 2021.

SAMCO Capital

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AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020 APPENDIX A

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas, 77056, upon payment of duplication costs.

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

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the “Underwriter”) pursuant to a bond purchase agreement with the District (the “Bond Purchase Agreement”) at a price of \$5,553,234.50 (representing the par amount of the Bonds of \$5,375,000.00, plus a premium on the Bonds of \$222,223.10, less an Underwriter’s discount of \$43,988.60) plus accrued interest. The Underwriter’s obligation is to purchase all of the Bonds, if any are purchased. See “PLAN OF FINANCING—Sources and Uses of Funds.”

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

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions 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.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

<i>The Issuer</i>	Fort Bend County Levee Improvement District No. 15 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
<i>The Issue</i>	The \$5,375,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”) are issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds (the “Bond Order”) of the District’s Board of Directors. The Bonds are scheduled to mature serially in the years 2021 through 2035, both inclusive, in the principal amounts and paying interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from June 1, 2021 and is payable on September 1, 2021 (three months of interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”
<i>Redemption</i>	The Bonds maturing on and after September 1, 2027 are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2026, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS.”
<i>Source of Payment</i>	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Missouri City, the City of Sugar Land, or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Payment Record</i>	The District has previously issued ten series of unlimited tax levee improvement bonds, six series of unlimited tax refunding bonds, four series of unlimited tax road improvement bonds and two series of unlimited tax park bonds, \$108,310,000 principal amount of which are outstanding as of April 1, 2021 (the “Outstanding Bonds”). The District has never defaulted on the payment of principal and interest on the Outstanding Bonds. See “FINANCIAL STATEMENT—Outstanding Bonds.”
<i>Use of Proceeds</i>	Proceeds from the sale of the Bonds will be used to refund and defease \$5,285,000 of the District’s Outstanding Bonds in order to achieve annual and net present value savings in the District’s annual debt service expense. The Bonds to be refunded and discharged with Bond proceeds are referred to herein as the “Refunded Bonds.” After the issuance of the Bonds, \$103,025,000 principal amount of the Outstanding Bonds will remain outstanding (the “Remaining Outstanding Bonds”). Bond proceeds will also be used to pay certain costs associated with issuance of the Bonds. See “PLAN OF FINANCING—Sources and Uses of Funds.”
<i>Qualified Tax-Exempt Obligations</i>	The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”
<i>Municipal Bond Rating</i>	Moody’s Investors Service (“Moody’s”) has assigned a credit rating of “Aa3” on the Bonds. An explanation of the rating may be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Underwriter. See “MUNICIPAL BOND RATING.”

<i>Bond Counsel</i>	Schwartz, Page & Harding, L.L.P., Houston, Texas.
<i>Financial Advisor</i>	Masterson Advisors LLC, Houston, Texas.
<i>District Engineer</i>	Costello, Inc., Houston, Texas.
<i>Special Tax Counsel</i>	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
<i>Underwriter’s Counsel</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Paying Agent/Registrar</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”
<i>Escrow Agent</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “PLAN OF FINANCING— Escrow Agreement and Defeasance of Refunded Bonds.”
<i>Verification Agent</i>	Public Finance Partners LLC, Rockford, Minnesota. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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

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

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

EXTREME WEATHER; HURRICANE HARVEY

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

Impact on the District To the knowledge of the District, there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the District's Engineer, approximately 12 homes located within the District experienced flooding or other material damage as a result of Hurricane Harvey. Such damage was likely caused by rainfall accumulation in excess of design criteria required for the storm water conveyance system serving the District. See "FLOOD PROTECTION."

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

THE DISTRICT

Description The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas, on September 19, 2000. The District has the authority to purchase, construct, operate and maintain all improvements and utilities necessary for providing flood plain reclamation, flood protection, detention and outfall drainage. The District is also empowered, among other things, to finance and construct major thoroughfares and parks and recreational facilities that serve the District. The District presently contains approximately 2,398 acres of land and is located approximately 21 miles southwest of downtown Houston, Texas. The District lies partially within the extraterritorial jurisdiction of the City of Sugar Land, partially within the City of Sugar Land's corporate limits, and partially within the extraterritorial jurisdiction of the City of Missouri City.

Riverstone The District is part of the approximately 3,700-acre master planned community known as "Riverstone." The District is one of two levee improvement districts that encompass Riverstone. At full development, Riverstone is projected to include single family, multi-family, townhome, institutional (churches, schools, etc.) and commercial development. The Original Developers (as hereinafter defined) constructed an information center and recreational amenities which includes walking trails and three recreation centers with facilities including a 9,000 square foot clubhouse with fitness and ballroom facilities, a pool, splash pad, activity pool and playgrounds, a dog park, a pavilion, ten tennis courts and a fishing pier for use by Riverstone residents. See "THE DISTRICT."

Status of Development Development activities in the District began in 2004. The District currently includes approximately 1,888 developed acres of single-family residential development (4,082 lots). As of April 2021, the District contained 3,801 single-family homes completed and occupied, 10 single-family homes completed and not occupied, 91 single-family homes in various stages of construction, and 180 vacant lots.

The remainder of the District is comprised of approximately 50 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, approximately 13 acres on which a 249-unit apartment complex has been constructed and approximately 18 acres on which a 351-unit apartment complex has been constructed. Approximately 62 acres within the District are served with trunk utilities for commercial development including multiple retail shopping centers, a CVS pharmacy, a day care, a gas station/convenience store with attached retail, a self-storage facility and a 140,000 square foot shopping center anchored by a Kroger grocery store. An elementary school, which is not subject to ad valorem taxation, has been constructed on approximately 15 acres. In addition, approximately 137 acres have been developed as a recreation center/parks and open spaces, and approximately 216 acres are undevelopable (detention and drainage facilities, street right-of-way and lift station site). See "THE DISTRICT."

Homebuilders Homebuilders actively building within the District are: Darling Homes; Meritage Homes; Taylor Morrison Homes; and Westport Homes. New homes in the District range in offering prices from approximately \$300,000 to over \$1,000,000.

The Developers and Landowners The original developers of land within the District were Hillsboro Estates, LLC, a Texas limited liability company (“Hillsboro Estates”), Sugar Land Ranch Development, LLC, a Texas limited liability company (“Sugar Land Ranch LLC”), Sugar Land Ranch Development II Corp., a Texas corporation (“Sugar Land Ranch II”) and Riverstone 250, Inc., a Texas corporation (“Riverstone 250, Inc.”). All of the above entities are directly or indirectly owned and/or controlled by Larry D. Johnson, Lawrence Wong and Rocky Lai. Hillsboro Estates, Sugar Land Ranch LLC, Sugar Land Ranch II and Riverstone 250, Inc, are collectively referred to herein as the “Original Developers.” The Original Developers do not own any undeveloped land in the District.

In a series of transactions beginning in 2011, Taylor Morrison of Texas Inc., a Texas corporation (“Taylor Morrison”) purchased 857 acres from the Original Developers to develop such acreage as single-family lots. Taylor Morrison began developing such acreage as Avalon at Riverstone in 2012. Taylor Morrison is also a homebuilder in Avalon at Riverstone. Taylor Morrison owns approximately 51 acres of land in the District, of which 31 acres are developable but not yet served with utilities.

In 2012, Westin Homes and Properties, L.P., a Texas limited partnership, (“Westin”) purchased approximately 29 acres from the Original Developers to develop such acreage as single family lots. Westin Homes has developed such acreage as Alden Springs. Westin Homes does not own any undeveloped land in the District.

In 2013, Toll Houston TX, LLC, a Texas limited liability company (“Toll”) purchased approximately 21 acres from the Original Developers and developed such acreage as Pecan Ridge. Toll does not own any undeveloped land in the District.

In 2013, Enclave at Riverstone, LLC, a Texas limited liability company (“Enclave”) purchased approximately 26 acres from the Original Developers, of which approximately 19 acres are within the boundaries of the District. Enclave has developed such acreage as The Enclave. Enclave does not own any undeveloped land in the District.

An affiliate of the Original Developers has acted as a fee developer to develop the land purchased by Taylor Morrison, Westin, Toll and Enclave.

In 2011, Meritage Homes of Texas LLC, a Texas limited liability corporation (“Meritage”) purchased 55 acres from the Original Developers. Meritage has developed such acreage as Auburn Manor in 2012.

In 2013, Meritage purchased 140 acres of land in the District, all of which has been developed as Ivory Ridge and Riverstone North. Meritage owns no remaining undeveloped land in the District. In 2016, the District annexed an additional 57 acres owned by Meritage. Such acreage has been developed as single family residential (Clements Crossing) but is not marketed as part of Riverstone.

The Original Developers, Taylor Morrison, Meritage, Westin, Toll and Enclave are collectively referred to herein as the “Developers.” See “THE DEVELOPERS.”

Flood Protection..... The District has reclaimed land from the Brazos River through fill and the construction of a 6.3 mile earthen levee. The construction of the levee removed all developable acreage within the District from the current Brazos River 100-year floodplain designation. Prior to completion of the levee, the development within the District encompassing Crossing Cove at Riverstone, Sections 1 and 2, Crossing at Riverstone, Sections 2 and 3, and Brookside at Riverstone 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 Brazos River 100-year floodplain designation. These sections are also protected by the levee. Additional drainage improvements, including a storm water pump station expansion which is currently under construction, are required to fully develop the remaining undeveloped land in the District. See “FLOOD PROTECTION.”

Water and Wastewater

Facilities

Approximately 1,768 acres within the District are located within Fort Bend County Municipal Utility District No. 128 (“MUD 128”), approximately 385 acres within the District are located within Fort Bend County Municipal Utility District No. 129 (“MUD 129”) and approximately 98 acres within the District are located within Fort Bend County Municipal District No. 149 (“MUD 149”). Each of MUD 128, MUD 129 and MUD 149 provides water, wastewater and certain storm drainage facilities to the property within their respective boundaries. Approximately 57 acres located within the City of Sugar Land city limits have been annexed into the District. Water and sewer service for this tract are provided by the City of Sugar Land.

Various development entities have advanced funds on behalf of MUD 128 to finance the construction of the water and wastewater facilities to serve portions of the land within MUD 128, which is within the boundaries of the District. MUD 128 has issued \$110,035,000 principal amount of unlimited tax bonds, \$88,495,000 of which is currently outstanding and has no current plans to issue additional bonds in the future to finance facilities. Principal and interest on such bonds is payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 128’s boundaries. MUD 129, which is also within the boundaries of the District, has issued \$42,215,000 principal amount of unlimited tax bonds, \$17,270,000 of which is currently outstanding, and has no current plans to issue additional bonds in the future to finance facilities. Principal and interest on such bonds 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, which is also within the boundaries of the District, has issued \$27,905,000 principal amount of unlimited tax bonds, \$23,390,000 of which is currently outstanding. Principal and interest on such bonds 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 149 plans to issue additional bonds in the future to reimburse the developers of the approximately 98 acres of land which were annexed into the District, for the costs of MUD 149 facilities currently being constructed as well as facilities to be constructed in the future. MUD 128 set a 2020 tax rate of \$0.43 per \$100 assessed valuation, MUD 129 set a 2020 tax rate of \$0.2925 per \$100 assessed valuation and MUD 149 set a 2020 tax rate of \$0.45 per \$100 assessed valuation. See “ESTIMATED OVERLAPPING DEBT STATEMENT” and “INVESTMENT CONSIDERATIONS— Overlapping Taxes.”

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

2020 Certified Taxable Assessed Valuation	\$2,348,322,972 (a)
2021 Preliminary Taxable Assessed Valuation	\$2,575,170,818 (b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$108,400,000
Estimated Overlapping Debt	<u>185,320,110</u> (c)
Gross Debt and Estimated Overlapping Debt	\$293,720,110
Ratios of Gross Debt to:	
2020 Certified Taxable Assessed Valuation	4.62%
2021 Preliminary Taxable Assessed Valuation	4.21%
Ratios of Total Gross Debt and Estimated Overlapping Debt to:	
2020 Certified Taxable Assessed Valuation	12.51%
2021 Preliminary Taxable Assessed Valuation	11.41%
2020 Tax Rate:	
Debt Service.....	\$0.36
Maintenance and Operations.....	<u>0.08</u>
Total District Tax Rate.....	\$0.44 (d)
Average percentage of total tax collections (2016-2020).....	99.31%
Maximum Annual Debt Service Requirements (2021) of the Bonds and the Remaining Outstanding Bonds (“Maximum Requirement”)	\$9,235,294
Average Annual Debt Service Requirements (2022-2040) of the Bonds and the Remaining Outstanding Bonds (“Average Annual Requirement”)	\$6,695,640
Tax rate required to pay Maximum Requirement based upon:	
2020 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.42
2021 Preliminary Taxable Assessed Valuation at a 95% collection rate	\$0.38
Tax rate required to pay Average Annual Requirement based upon:	
2020 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.31
2021 Preliminary Taxable Assessed Valuation at a 95% collection rate	\$0.28
Water Connections as of April 2021:	
Single-family residential – completed and occupied	3,801
Single-family residential – vacant.....	10
Single-family residential – under construction	91
Multi-Family (600 units).....	22
Commercial.....	35

Estimated 2021 Population – 14,504 (e)

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable assessed value. Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See “TAX PROCEDURES.”
- (c) See “ESTIMATED OVERLAPPING DEBT STATEMENT.”
- (d) In addition to the District’s tax, MUD 128, MUD 129 and MUD 149 levy a tax against all taxable property within their respective boundaries, which includes a portion of the land within the District. MUD 128 set a 2020 Tax Rate in the amount of \$0.43 per \$100 assessed valuation, MUD 129 set a 2020 Tax Rate in the amount of \$0.2925 per \$100 assessed valuation, and MUD 149 set a 2020 Tax Rate in the amount of \$0.45 per \$100 assessed valuation. See “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Taxes for 2020” and “INVESTMENT CONSIDERATIONS—Overlapping Taxes.”
- (e) Based on 3.5 persons per single family connection and 2 persons per apartment unit.

OFFICIAL STATEMENT

\$5,375,000

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 15
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

This Official Statement provides certain information in connection with the issuance by Fort Bend County Levee Improvement District No. 15 (the “District”) of its \$5,375,000 Unlimited Tax Refunding Bonds, Series 2021 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including Chapter 1207 of the Texas Government Code, as amended, Chapters 49 and 57 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), and an election held within the District.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of the cost of duplication.

PLAN OF FINANCING

Purpose

The proceeds of the Bonds will be used to refund and defease outstanding portions of the District’s \$6,505,000 Unlimited Tax Refunding Bonds, Series 2013 in order to achieve a reduction in the District’s annual debt service expense. Such refunded portions reflected below are collectively referred to as the “Refunded Bonds.” See “Refunded Bonds” below. A total of \$103,025,000 in principal amount of the District’s Outstanding Bonds will remain outstanding after issuance of the Bonds. See “Sources and Uses of Funds” below and “FINANCIAL STATEMENT—Outstanding Bonds.”

Refunded Bonds

Proceeds of the Bonds will be applied to currently refund and defease \$5,285,000 in principal amount of the Refunded Bonds and to pay certain costs of issuance the Bonds. The principal amounts and maturity dates of the Refunded Bonds are set forth below:

<u>Maturity Date</u> <u>September 1</u>	<u>Series</u> <u>2013 Ref</u>
2022	\$ 260,000
2023	265,000
2024	280,000
2025	290,000
2026	305,000
2027	320,000
2028	330,000
2029	350,000
2030	360,000
2031	380,000
2032	400,000
2033	420,000
2034	595,000
2035	730,000
	<hr/>
	\$ 5,285,000

Redemption Date September 1, 2021

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, Dallas, Texas, as escrow agent (the “Escrow Agent”). The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the “Escrow Agreement”) to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be June 15, 2021). The Bond Order further provides that from the proceeds of the sale of the Bonds, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the “Escrow Fund”) and a portion of such funds will be used to purchase United States Treasury Obligations (the “Escrowed Securities”) maturing at such times and amounts as will be sufficient to pay the scheduled payments on the Refunded Bonds on their redemption date. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds. See “VERIFICATION OF MATHEMATICAL CALCULATIONS.”

Defeasance of the Refunded Bonds

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

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds.....	\$5,375,000.00
Plus: Premium on the Bonds.....	<u>222,223.10</u>
Total Sources of Funds.....	\$5,597,223.10
Uses of Funds:	
Deposit to Escrow Fund.....	\$5,405,840.00
Issuance Expenses and Underwriters' Discount	<u>191,383.10</u>
Total Uses of Funds.....	\$5,597,223.10

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 Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated June 1, 2021, with interest payable on September 1, 2021, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from June 1, 2021, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Dallas, Texas as the initial paying agent/registrars for the Bonds (the "Paying Agent/Registrar," "Paying Agent" or "Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on September 11, 2004, the voters of the District authorized a total of \$53,090,000 in bonds for the purpose of refunding bonds of the District. The Bonds are issued by the District pursuant to such election and to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapter 1207, Texas Government Code, as amended and Chapters 49 and 57 of the Texas Water Code, as amended.

Source of and Security for Payment

The Bonds, together with the Remaining Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAX PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the City of Sugar Land, the City of Missouri City, Fort Bend County, the State of Texas, or any political subdivision or entity other than the District.

Funds

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

The District also maintains a Road Debt Service Fund that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on the Bonds.

Accrued interest on the Bonds shall be deposited into the Levee, Drainage and Park Debt Service Fund upon receipt. Any monies remaining will be used as described in the Bond Order or ultimately transferred to the Levee, Drainage and Park Debt Service Fund.

No Arbitrage

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

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2027 prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all the Bonds of and the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to redemption date, in the manner specified in the Bond Order.

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

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$106,180,000 unlimited tax levee improvement bonds for the purpose of purchasing, constructing, acquiring, owning, or paying for inside and outside of the District's boundaries, any District works, improvements, facilities, plants, equipment, appliances and all costs associated with flood plain and wetlands regulation and endangered species and stormwater permits including mitigation, needed to accomplish the purposes of the District and could authorize additional amounts. The District currently has \$20,450,000 of unlimited tax levee improvement bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized a total of \$53,090,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After issuance of the Bonds, the District will have \$50,730,000 of unlimited tax refunding bonds authorized but unissued. The District's voters have also authorized issuance of a total of \$29,000,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. See "Financing Recreational Facilities" below.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

Financing Road Facilities

Pursuant to the provisions of Article III, Section 52 of the Texas Constitution and Chapters 49 and 57 Texas Water Code, as amended, and S.B. 1883 of the 78th Regular Session of the Texas Legislature, the District is authorized to develop and finance with property taxes certain road facilities, and at an election held within the District on September 11, 2004, voters of the District authorized a total of \$29,000,000 unlimited tax bonds for financing and constructing road facilities. The District has issued \$29,000,000 in road bonds from said authorization. See "—Issuance of Additional Debt" herein and INVESTMENT CONSIDERATIONS – Future Debt." Issuance of additional bonds for road facilities may dilute the security for the Bonds.

Financing Recreational Facilities

Pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 57 of the Texas Water Code, and the general laws of the State of Texas, the District is authorized to develop and finance with property taxes certain recreational facilities.

At an election held within the District on September 11, 2004, voters of the District authorized a total of \$29,000,000 in bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts.

Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation by the City of Missouri City and City of Sugar Land

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any city comprises that city's extraterritorial jurisdiction. The size of the extraterritorial jurisdiction depends in part on the city's population. With certain exceptions, a city may annex territory only within the confines of its extraterritorial jurisdiction. When a city annexes additional territory, the city's extraterritorial jurisdiction expands in conformity with such annexation. Approximately 483 acres of the District are located within the extraterritorial jurisdiction of the City of Missouri City and approximately 1,784 acres of the District are located within the extraterritorial jurisdiction of the City of Sugar Land (the City of Missouri City and the City of Sugar Land, collectively, the "Cities"). Such Cities may annex the subject tracts located within their extraterritorial jurisdictions pursuant to Chapter 42, Texas Local Government Code. In addition, approximately 127 acres of the District are currently located within the corporate limits of the City of Sugar Land.

By law, if any portion of land in the District is annexed by a city, the District will continue to exist. Typically, at the time of annexation the municipal utility district within such annexed area would be dissolved and upon annexation the tax rate of the City would be imposed on the annexed land. Thereafter, the aggregate tax rate on property in the District which has been annexed by a City will increase by the amount of the city's then existing tax rate and decrease by the dissolved municipal utility district's then existing tax rate.

The Developers, the municipal utility districts with territory within the District (the "MUDs") and the Cities have entered into various agreements that limit the Cities' right to annex land in the District until (i) at least 90% of the developable acreage within a MUD has been developed with water, wastewater and drainage facilities, and (ii) the Developers have been reimbursed to the maximum extent permitted by the rules of the Commission or the Cities assume the MUDs' obligations to reimburse the Developers.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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 Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Mandamus and Limitations on Registered Owner's Remedies."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investment may not be of the same investment quality as currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas on September 19, 2000, and operates under the provisions of Chapters 49 and 57 of the Texas Water Code, Chapter 176 (Senate Bill 1883), Acts of 2003, 78th Regular Session, and other general statutes applicable to levee improvement districts. A portion of the District lies within the extraterritorial jurisdiction of the City of Missouri City, and the balance of the District lies partially within the extraterritorial jurisdiction of the City of Sugar Land and partially within the City of Sugar Land's corporate limits.

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

Description and Location

The District contains approximately 2,398 acres of land. The District is located approximately 21 miles southwest of downtown Houston. 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.

Land Use

The District is part of the approximately 3,700-acre master planned community known as “Riverstone.” The District is one of two levee improvement districts that serve Riverstone. At full development, Riverstone is projected to include single family, multifamily, townhome and commercial development. Development activities in the District began in 2004. The District currently includes approximately 1,888 developed acres of single-family residential development (4,082 lots), approximately 50 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, approximately 31 acres on which two apartment complexes have been constructed, approximately 62 acres which are served with trunk utilities and improvements for commercial development, approximately 15 acres on which an elementary school, which is not subject to ad valorem taxation, has been constructed, approximately 137 acres which are developed as a recreation center/parks and open spaces, and approximately 216 acres which are undevelopable (detention and drainage facilities, street right-of-way and lift station site).

The table below represents a detailed breakdown of the current acreage and development in the District.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Alden Springs (MUD 128):		
Section 1	15	40
Section 2	15	48
Auburn Manor at Riverstone (MUD 128):		
Section 1	16	55
Section 2.....	21	73
Section 3.....	23	70
Avalon at Riverstone (MUD 128):		
Section 1	47	86
Section 2.....	32	70
Section 3.....	26	75
Section 4	49	61
Section 5	30	63
Section 6	27	68
Section 7	11	10
Section 8	22	79
Section 9	26	60
Section 10A	28	62
Section 10B.....	15	33
Section 11A	10	10
Section 11B	40	67
Section 12A	11	31
Section 12B	14	50
Section 12C	12	42
Section 14	42	77
Section 15A	17	24
Section 15B, Phase 1	4	7
Section 15B, Phase 2	14	31
Section 16A	15	35
Section 16B.....	19	27
Section 17.....	18	33
Section 18A	14	35
Section 18B.....	23	62
Section 19	44	66
Section 20	42	97
Section 21	24	84
Section 22	43	71
Section 23	16	10
Section 24A	8	21

Brookside at Riverstone (MUD 129).....	30	50
Clements Crossing (not located within a MUD; City of Sugar Land):		
Section 1.....	18	50
Section 2.....	39	97
Crescent View Estates at Riverstone (MUD 129).....	18	20
Crossing at Riverstone (MUD 129):		
Section 2.....	32	45
Section 3.....	28	48
Crossing Cove at Riverstone (MUD 129):		
Section 1.....	38	97
Section 2.....	23	75
Edgewood at Riverstone (MUD 128):		
Section 1.....	15	44
Section 2.....	24	69
Enclave, Section 1 (MUD 128).....	20	32
Enclave, Section 2 (MUD 129).....	7	10
Hagerson Road Tract Section 1 (MUD 149).....	47	108
Hagerson Road Tract Section 2 (MUD 149).....	14	52
Hartford Landing (MUD 129):		
Section 1.....	22	38
Section 2.....	27	16
Kensington at Riverstone (MUD 129):		
Section 1.....	24	62
Section 2.....	12	42
Ivory Ridge at Riverstone (MUD 128).....	34	105
Ivy Bend at Riverstone (MUD 128).....	11	10
Majestic Pointe at Riverstone (MUD 128)	18	27
Marble Bend at Riverstone (MUD 128):		
Section 1.....	25	26
Section 2.....	14	39
Section 3.....	12	36
Meridian Park (MUD 129)	25	31
Nandina at Riverstone (MUD 129)	17	39
Olive Hill at Riverstone (MUD 128).....	20	45
Pecan Ridge at Riverstone (MUD 128).....	32	50
Prestwick (MUD 128).....	48	62
Providence at Riverstone (MUD 128):		
Section 1.....	8	27
Section 2.....	10	30
Riverstone North (MUD 128):		
Section 1.....	19	65
Section 2.....	16	42
Section 3.....	18	63
Section 4.....	14	51
Section 5.....	12	34
Section 6.....	6	14
Section 7.....	9	8
Sanders Glen at Riverstone (MUD 128).....	32	90
Senova at Riverstone (MUD 129):		
Section 1.....	21	60
Section 2.....	12	41
Section 3.....	23	73

Silver Grove at Riverstone (MUD 128):		
Section 1.....	11	20
Section 2.....	23	43
The Island at Riverstone (MUD 128).....	53	9
The Villas (MUD 128).....	10	40
Vintage Trail at Riverstone (MUD 128).....	29	55
Waterside at Riverstone (MUD 128).....	13	18
Whisper Rock (MUD 128).....	21	41
Subtotal	<u>1,888</u>	<u>4,082</u>
Multi-family (MUD 128) (a).....	31	-
Commercial (MUD 128) (b).....	62	-
Elementary School (MUD 128).....	15	-
Recreation Center/Parks and Open Spaces (c).....	137	-
Future Development (MUD 128 and MUD 149).....	50	-
Non-Developable (d).....	<u>216</u>	<u>-</u>
Totals.....	2,398	4,082

- (a) Includes a 249-unit apartment complex on approximately 13 acres and a 351-unit apartment complex on approximately 18 acres.
(b) See “Status of Development–Commercial Development.”
(c) Includes a 27-acre recreation center. See “Status of Development—Community Facilities.”
(d) Includes detention and drainage facilities, street right-of-way and lift station site.

Status of Development

Single-Family Residential: As of April 2021, the District contained 3,801 single-family homes completed and occupied, 10 single-family homes completed and not occupied, 91 single-family homes in various stages of construction and 180 vacant lots.

Homebuilding: Homebuilders actively building within the District are: Darling Homes, Meritage Homes, Taylor Morrison Homes, and Westport Homes. New homes in the District range in offering prices from approximately \$300,000 to over \$1,000,000.

Multi-Family Residential: A 249-unit apartment complex, The Retreat at Riverstone, has been constructed on approximately 13 acres in the District. Additionally, a 351-unit apartment complex, Stella at Riverstone, has been constructed on approximately 18 acres in the District.

Commercial Development: Approximately 62 acres within the District are served with trunk utilities for commercial development including multiple retail shopping centers, a CVS pharmacy, a day care, a gas station/convenience store with attached retail, a self-storage facility and a 140,000 square foot shopping center anchored by a Kroger grocery store.

Community Facilities: Community Facilities include an information center and recreational amenities which include walking trails and three recreation centers with facilities, including a 9,000 square foot clubhouse with fitness and ballroom facilities, a pool, splash pad, activity pool and playgrounds, a dog park, a pavilion, ten tennis courts and a fishing pier for use by Riverstone residents.

Additional community facilities are located in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located within two miles of the District along areas adjacent to State Highway 6 and US Highway 59. Fire protection for the District is provided by the City of Sugar Land’s Fire Department. Medical care for District residents is available from two hospitals which are within 10 miles of the District. The land within the District is located within the boundaries of Fort Bend Independent School District, and children within the District attend elementary, middle and high schools of Fort Bend Independent School District located within three miles of the development in the District. See “INVESTMENT CONSIDERATIONS—Extreme Weather; Hurricane Harvey.”

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. The Directors are elected by precinct within the District. Vacancies are filled by appointment by the Board until the expiration of the term. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rohit Sankholkar	President	May 2022
Jeffrey Anderson	Vice President	May 2022
Girish Misra	Secretary	May 2024
Darrell Groves	Assistant Vice President	May 2024
Vacant	Assistant Secretary	May 2022

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

General Manager

The District contracts with Mike Stone Associates, Inc. to act as the general manager of the District to oversee the operations and maintenance of the District's facilities.

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Fort Bend Central Appraisal District. Taxes are collected by the Fort Bend County Tax Collector.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, L.P. to serve as the District's bookkeeper.

System Operator

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

Engineer

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

Bond Counsel and General Counsel

Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor

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

Special Tax Counsel

McCall, Parkhurst & Horton L.L.P. ("Special Tax Counsel") serves as special tax counsel to the District. The fee to be paid Special Tax Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Auditor

The District's audited financial statements for the fiscal year ending September 30, 2020 have been prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's September 30, 2020 audited financial statement.

THE DEVELOPERS AND LANDOWNERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the Commission to pave streets in sections being financed with proceeds of the Bonds, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

None of the Developers (hereinafter defined) nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers has a binding commitment to the District to carry out any plan of development and each of the Developers may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect Riverstone in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See "INVESTMENT CONSIDERATIONS."

Hillsboro Estates, LLC, Sugar Land Ranch Development, LLC, Sugar Land Ranch Development II Corp. and Riverstone 250, Inc.

The original developers of land within the District are Hillsboro Estates, LLC, a Texas limited liability company ("Hillsboro Estates"), Sugar Land Ranch Development, LLC, a Texas limited liability company, ("Sugar Land Ranch LLC"), Sugar Land Ranch Development II Corp., a Texas corporation ("Sugar Land Ranch II") and Riverstone 250, Inc., a Texas corporation ("Riverstone 250, Inc.") All of the above entities are directly or indirectly owned and/or controlled by Larry D. Johnson, Lawrence Wong and Rocky Lai. Hillsboro Estates, Sugar Land Ranch LLC, Sugar Land Ranch II and Riverstone 250, Inc. are collectively referred to herein as the "Original Developers." The Original Developers do not own any undeveloped land within the District.

Each of these entities was created to own and/or develop land in the Riverstone project, and all of the assets and liabilities of these entities are related solely to the Riverstone project.

Taylor Morrison of Texas, Inc., Meritage Homes of Texas LLC, Westin Homes and Properties, L.P., Toll Houston TX, LLC, and Enclave at Riverstone, LLC

In a series of transactions beginning in 2011, Taylor Morrison of Texas Inc., a Texas corporation ("Taylor Morrison") purchased 857 acres from the Original Developers to develop such acreage as single-family lots. Taylor Morrison began developing such acreage as Avalon at Riverstone in 2012. Taylor Morrison is also a homebuilder in Avalon at Riverstone. Taylor Morrison owns approximately 51 acres of land in the District, of which 31 of such acreage is developable but not yet served with utilities.

In 2012, Westin Homes and Properties, LP., a Texas limited partnership, ("Westin") purchased approximately 29 acres from the Original Developers to develop such acreage as single-family lots. Westin has developed such acreage as Alden Springs. Westin does not own any undeveloped land in the District.

In 2013, Toll Houston TX, LLC, a Texas limited liability company ("Toll") purchased approximately 21 acres from the Original Developers and developed such acreage as Pecan Ridge. Toll does not own any undeveloped land in the District.

In 2013, Enclave at Riverstone, LLC, a Texas limited liability company (“Enclave”) purchased approximately 26 acres from the Original Developers, of which approximately 19 acres are within the boundaries of the District. Enclave has developed such acreage as The Enclave. Enclave does not own any undeveloped land in the District.

An affiliate of the Original Developers has acted as a fee developer to develop the land purchased by Taylor Morrison, Westin, Toll and Enclave.

In 2011, Meritage Homes of Texas LLC, a Texas limited liability corporation (“Meritage”) purchased 55 acres from the Original Developers. Meritage has developed such acreage as Auburn Manor. Meritage does not own any undeveloped land in the District.

In 2013, Meritage purchased 140 acres of land in the District, all of which has been developed as Ivory Ridge and Riverstone North. Meritage owns no remaining undeveloped land in the District. In 2016, the District annexed an additional 57 acres owned by Meritage. Such acreage has been developed as the single-family residential development of Clements Crossing, which is not part of Riverstone.

The Original Developers, Taylor Morrison, Meritage, Westin, Toll and Enclave are collectively referred to herein as the “Developers.”

Development Management

The overall development of the Riverstone project is being managed by The Johnson Development Corp. Larry D. Johnson, President of The Johnson Development Corp., has over 40 years of experience in real estate development. Mr. Johnson's real estate activities include over 77 projects resulting in the development of nearly 40,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master planned golf course communities and multi-family housing. In the Houston metropolitan area, Mr. Johnson has been involved in the development of Cross Creek Ranch, Harvest Green, Steeplechase, Sienna Plantation, Silverlake, Fall Creek, Tuscan Lakes, Edgewater and Woodforest.

FLOOD PROTECTION

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. Flood protection is being provided by the District. A levee system has been completed and includes drainage ditches, detention/lake systems, outfall structures and pumping stations necessary to remove land in the District from the 100-year flood plain of the Brazos River. The development within MUD 129 encompassing Crossing Cove at Riverstone, Sections 1 and 2, Crossing at Riverstone, Sections 2 and 3, and Brookside at Riverstone 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 engineering or regulatory determination that an area is above the 100-year flood plain 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. See “WATER SUPPLY AND WASTEWATER 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. See “INVESTMENT CONSIDERATIONS.”

There are three pump stations currently or proposed to serve three separate watersheds within District. The pump station serving the Steep Bank Creek watershed is jointly owned and operated by Fort Bend County Levee Improvement District No. 19 (“LID 19”) and the District. According to an independent engineer engaged by LID 19 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 19 have, on an interim basis, acquired portable trailer mounted pumps and, on a long term basis, designed and have begun construction on a 150,000 gallon per minute pump station expansion.

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. The District may evaluate its current drainage systems and chose 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.

THE ROAD SYSTEM

There are three major thoroughfares that lie within the District’s boundaries. They include Oilfield Road (formerly Lake Olympia Boulevard), LJ Parkway and University Boulevard. All three roads are included on the City of Sugar Land, City of Missouri City and/or Fort Bend County’s thoroughfare plan. There are also four collector roads completed within the District. Winding Waters Lanes, West Avalon Drive, East Avalon Drive and Cabrera Road have been completed within the District. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are also located within the right-of-way. The right-of-way is also shared by street lights, sidewalks and franchise utilities (power, gas, telephone and cable). Upon completion of road projects and following a one-year maintenance period, the County accepts the roadways into its maintenance program.

PARK FACILITIES

The park system includes landscaping and public recreational improvements to serve the District. The park system is connected by sidewalks within the subdivision. In addition to the park system, recreational facilities located within the District presently include an information center and recreational amenities which includes walking trails and three recreation centers with facilities including a 9,000 square foot clubhouse with fitness and ballroom facilities, a pool, splash pad, activity pool and playgrounds, a dog park, a pavilion, ten tennis courts and a fishing pier for use by Riverstone residents.

WATER SUPPLY AND WASTEWATER SYSTEM

Water Supply Facilities

Water supply for the property within MUD 129 is provided by the City of Missouri City pursuant to a Joint Groundwater Reduction Plan. Pursuant to the District’s Groundwater Reduction Plan with the City, the City provides to MUD 129 surface water which is intended to be MUD 129’s primary source of potable water. The City currently owns and operates a 10 million gallon per day surface water plant, which is located south of MUD 129 and within the Sienna Plantation master planned community. The City began delivering surface water to the District in July 2016. In addition to the surface water supply within the City, MUD 129 participates in a Regional Water Supply Agreement, dated October 27, 2014, among MUD 129, Fort Bend County Municipal Utility District No. 115 (“MUD 115”), Fort Bend County Municipal Utility District No. 149 (“MUD 149”), and Fort Bend County Municipal Utility District No. 46 (“MUD 46”) (the “RWSA”). Under the RWSA, the participants can receive supplemental ground water supply service from two water supply plants consisting of two wells with a capacity of 3,600 gallons per minute (“gpm”), four 500,000-gallon ground storage tanks, booster pumps totaling 11,350 gpm capacity, 120,000 gallons of pressure tanks capacity, and appurtenant equipment. Currently, under the RWSA, MUD 129 has purchased sufficient water supply capacity to serve 1,533 equivalent single-family connections (“ESFC”). MUD 129 will use such water capacity as a secondary supplement source of potable water. Currently, under the RWSA, MUD 149 has sufficient water supply capacity to serve 1,520 ESFCs.

The City of Sugar Land provides water supply to the property within MUD 128 that is within the District and will provide water supply to the remaining portion of the District within the City of Sugar Land's extraterritorial jurisdiction and the small portion of land within the City of Sugar Land's corporate limits.

Each of MUD 128, MUD 129 and MUD 149 provides water, wastewater and certain storm drainage facilities to the property within their respective boundaries.

Source of Wastewater Treatment

The City of Missouri City provides wastewater treatment to MUD 129 and MUD 149 pursuant to a Regional Wastewater Treatment Contract between the City of Missouri City, MUD 129 and MUD 149. The City of Sugar Land provides wastewater treatment to MUD 128 pursuant to a Water Supply and Wastewater Services contract between the City of Sugar Land and MUD 128.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
9/11/2004	Levee and Drainage	\$ 106,180,000	\$ 85,730,000	\$ 20,450,000
9/11/2004	Road	29,000,000	29,000,000	-
9/11/2004	Recreational Facilities	29,000,000	21,050,000	7,950,000
9/11/2004	Refunding Bonds	53,090,000	2,360,000	50,730,000

* Includes the Bonds.

FINANCIAL STATEMENT

2020 Certified Taxable Assessed Valuation	\$2,348,322,972 (a)
2021 Preliminary Taxable Assessed Valuation	\$2,575,170,818 (b)

District Debt:	
Outstanding Bonds	\$108,310,000
Less: Refunded Bonds	(5,285,000)
Plus: The Bonds	<u>5,375,000</u>

Gross Debt Outstanding (after the issuance of the Bonds)	\$108,400,000
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Ratios of Gross Debt to:	
2020 Certified Taxable Assessed Valuation	4.62%
2021 Preliminary Taxable Assessed Valuation	4.21%

Area of District – 2,398 acres
Estimated 2021 Population – 14,504 (c)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District").
- (b) Provided by the Appraisal District as a preliminary indication of the 2021 taxable assessed value. Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."
- (c) Based on 3.5 persons per single family connection and 2 persons per apartment unit.

Cash and Investment Balances (unaudited as of April 19, 2021)

Operating Fund	Cash and Temporary Investments	\$4,420,019
Levee and Drainage Capital Projects Fund	Cash and Temporary Investments	\$1,830,475
Road Capital Projects Fund	Cash and Temporary Investments	\$206,427
Park Capital Projects Fund	Cash and Temporary Investments	\$1,334,896
Levee, Drainage and Park Debt Service Fund	Cash and Temporary Investments	\$12,774,204 (a)
Road Debt Service Fund	Cash and Temporary Investments	\$2,556,540 (a)

(a) Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Remaining Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities (the "Road Bonds"), and a pro rata portion will be allocated to bonds sold for levee, drainage and park facilities, including the Bonds (the "Levee, Drainage and Park Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Levee, Drainage and Park Bonds, including the Bonds, and the Levee, Drainage and Park Debt Service Fund is not pledged to the Road Bonds.

Outstanding Bonds (as of April 1, 2021)

Series	Original Principal Amount	Principal Currently Outstanding	Less: Refunded Bonds	Remaining Outstanding Bonds
2013 Refunding	\$ 6,505,000	\$ 5,530,000	\$ 5,285,000	\$ 245,000
2014 Road	7,625,000	6,275,000	-	6,275,000
2015 Road	3,975,000	3,225,000	-	3,225,000
2015	20,250,000	15,600,000	-	15,600,000
2015 Refunding	5,360,000	4,390,000	-	4,390,000
2016 Road Refunding	4,250,000	3,555,000	-	3,555,000
2017	17,770,000	17,250,000	-	17,250,000
2017 Park	11,750,000	2,750,000	-	2,750,000
2017 Refunding	3,715,000	3,395,000	-	3,395,000
2019	8,925,000	7,425,000	-	7,425,000
2019A	8,620,000	8,620,000	-	8,620,000
2020 Road Refunding	9,390,000	9,390,000	-	9,390,000
2020 Refunding	11,605,000	11,605,000	-	11,605,000
2020 Park	9,300,000	9,300,000	-	9,300,000
Total	\$ 129,040,000	\$ 108,310,000	\$ 5,285,000	\$ 103,025,000
The Bonds				5,375,000
The Bonds and Remaining Outstanding Bonds				\$ 108,400,000

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 633,879,567	3/31/2021	3.02%	\$ 19,143,163
Fort Bend County Drainage District.....	25,405,000	3/31/2021	3.02%	767,231
Fort Bend Independent School District.....	1,278,953,767	3/31/2021	5.08%	64,919,693
Fort Bend County MUD 128.....	88,495,000	3/31/2021	100.00%	88,495,000
Fort Bend County MUD 129.....	17,270,000	3/31/2021	63.93%	11,040,711
Fort Bend County MUD 149.....	23,390,000	3/31/2021	4.08%	954,312
Total Estimated Overlapping Debt.....				<u>\$ 185,320,110</u>
The District.....	108,400,000 (a)	Current	100.00%	<u>108,400,000</u>
Total Direct and Estimated Overlapping Debt.....				<u>\$ 293,720,110</u>

Ratios of Gross Debt and Estimated Overlapping Debt to:

2020 Certified Taxable Assessed Valuation	12.51%
2021 Preliminary Taxable Assessed Valuation	11.41%

(a) Includes the Remaining Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2020

	2020 Tax Rate per \$100 of Taxable Assessed Valuation (MUD 128)	2020 Tax Rate per \$100 of Taxable Assessed Valuation (MUD 129)	2020 Tax Rate per \$100 of Taxable Assessed Valuation (MUD 149)
Fort Bend County (including Drainage District).....	\$ 0.45321	\$ 0.45321	\$ 0.45321
Fort Bend Independent School District.....	1.24000	1.24000	1.24000
Fort Bend County MUD 128.....	0.43000	-	-
Fort Bend County MUD 129.....	-	0.29250	-
Fort Bend County MUD 149.....	-	-	0.45000
Total Overlapping Tax Rate.....	<u>\$ 2.12321</u>	<u>\$ 1.98571</u>	<u>\$ 2.14321</u>
The District	<u>0.44000</u>	<u>0.44000</u>	<u>0.44000</u>
Total Tax Rate.....	\$ 2.56321	\$ 2.42571	\$ 2.58321

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information. A breakdown the 2021 Preliminary Taxable Assessed Valuation is not available.

Tax Year	Certified	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2021 (a)	
	Taxable Assessed Valuation			Amount	Percent
2016	\$ 1,464,670,230	\$ 0.73	\$ 10,692,092	\$ 10,691,946	100.00%
2017	1,751,100,929	0.69	12,082,423	12,075,041	99.94%
2018	1,929,002,611	0.62	11,959,971	11,949,298	99.91%
2019	2,138,315,609	0.53	11,335,603	11,203,728	98.84%
2020	2,348,322,972	0.44	10,332,621	10,109,585	97.84%

(a) Unaudited.

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

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	\$ 0.360 (a)	\$ 0.430	\$ 0.500	\$ 0.550	\$ 0.640
Maintenance and Operations	0.080	0.100	0.120	0.140	0.090
Total	\$ 0.440	\$ 0.530	\$ 0.620	\$ 0.690	\$ 0.730

(a) Of the \$0.36 debt service tax rate levied by the District for 2020, \$0.3012 is allocated to the levee and drainage bonds and \$0.0588 is allocated to the road bonds.

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
 Maintenance and Operations (Levee): \$0.60 per \$100 of taxable assessed valuation.
 Maintenance and Operations (Park): \$0.10 per \$100 of taxable assessed valuation.
 Maintenance and Operations (Road): \$0.25 per \$100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2020 in the amount of \$0.36 per \$100 of taxable assessed valuation.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on September 11, 2004, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$0.60 per \$100 of assessed valuation for levee and drainage facilities plus \$0.10 for maintenance of park facilities and \$0.25 for maintenance of road facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. For the 2020 tax year, the Board levied a maintenance tax in the amount of \$0.08 per \$100 assessed valuation for levee and drainage purposes.

Tax Exemptions

As discussed in the section titled “TAX PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. For the 2021 tax year, the District exempts \$35,000 of the market value of residential homesteads from taxation of persons sixty-five (65) years or older and of disabled persons. The Developers have executed a Waiver of Special Appraisal, waiving their rights to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waivers are binding for a period of thirty years.

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2020 Certified Taxable Assessed Valuation of \$2,348,322,972, which represents ownership as of January 1, 2020. A principal taxpayer list related to the 2021 Preliminary Taxable Assessed Valuation is not available.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2020 Certified Taxable Assessed Valuation</u>	<u>% of 2020 Certified Taxable Assessed Valuation</u>
Stella 351 LLC	Land & Improvements	\$ 43,500,000	1.85%
The Retreat at Riverstone LLC	Land & Improvements	27,340,000	1.16%
The Village at Riverstone LLC	Land & Improvements	26,578,356	1.13%
Storage Cap Sugar Land LP	Land & Improvements	7,000,000	0.30%
Individual	Land & Improvements	6,465,000	0.28%
27 Riverstone Island LLC	Land & Improvements	6,192,300	0.26%
River LJ Properties LP	Land & Improvements	5,895,120	0.25%
Kroger Texas LP	Personal Property	5,892,180	0.25%
Taylor Morrison of Texas Inc. (a)	Land & Improvements	5,592,300	0.24%
LJ Parkway LLC	Land & Improvements	5,205,800	0.22%
Total		\$ 139,661,056	5.95%

(a) See “THE DEVELOPERS AND LANDOWNERS” herein.

Summary of Assessed Valuation

The following summary of the 2020, 2019, and 2018 Certified Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2020, 2019 and 2018 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data. A breakdown the 2021 Preliminary Taxable Assessed Valuation is not available.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 486,858,532	\$ 467,735,496	\$ 427,419,780
Improvements	1,902,531,675	1,704,190,335	1,537,726,940
Personal Property	21,784,720	17,781,015	7,538,825
Exemptions	(62,851,955)	(51,391,237)	(43,682,934)
Total	<u>\$ 2,348,322,972</u>	<u>\$ 2,138,315,609</u>	<u>\$ 1,929,002,611</u>

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2020 Certified Taxable Assessed Valuation or the 2021 Preliminary Taxable Assessed Valuation which is subject to review and adjustment prior to certification, no use of available funds, and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Remaining Outstanding Bonds and the Bonds.

Maximum annual debt service requirement (2021).....	\$9,235,294
\$0.42 tax rate on the 2020 Certified Taxable Assessed Valuation	
of \$2,348,322,972 at a 95% collection rate produces	\$9,369,809
\$0.38 tax rate on the 2021 Preliminary Taxable Assessed Valuation	
of \$2,575,170,818 at a 95% collection rate produces	\$9,296,367
Average annual debt service requirement (2022-2040).....	\$6,695,640
\$0.31 tax rate on the 2020 Certified Taxable Assessed Valuation	
of \$2,348,322,972 at a 95% collection rate produces	\$6,915,811
\$0.28 tax rate on the 2021 Preliminary Taxable Assessed Valuation	
of \$2,575,170,818 at a 95% collection rate produces	\$6,849,954

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the 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 Order to levy such a tax from year to year as described more fully herein under “THE BONDS—Source of and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA.”

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units wholly within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Fort Bend County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty

percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2021 tax year, the District has granted an exemption of \$35,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, 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.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2021 tax year, the District has not granted a general residential homestead exemption.

Tax Abatement

The City of Missouri City, the City of Sugarland and Fort Bend County may designate all or part of the District as a reinvestment zone, and the District, Fort Bend County, and (if it were to annex the area) the City of Sugarland may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area 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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 comply with the Property Tax Code. The District may challenge, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "Rollback of Operation and Maintenance Tax Rate" below. 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.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture 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 such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2021, no land within the District was designated for agricultural use, open space, inventory deferment or timberland.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below.

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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law, and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

GENERAL FUND

General

The Bonds are payable from the proceeds of an ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property in the District. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds, at the discretion and upon action of the Board. Land within the District is provided water and sewer service by the entities described in "WATER SUPPLY AND WASTEWATER TREATMENT." Consequently, the District's general fund is used primarily for administration.

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the audited financial statements for fiscal years ended 2016 through 2020. Reference is made to such records and statements for further and more complete information.

	Fiscal Year Ended September 30				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	\$ 2,138,751	\$ 2,321,370	\$ 2,444,478	\$ 1,317,910	\$ 771,121
Penalty and Interest	3,028	-	-	-	-
FEMA grants	28,470	-	-	-	-
Investment Revenues	27,609	65,245	33,886	12,397	4,554
Miscellaneous	13,963	118,183	20,200	75,623	22,500
Total Revenues	\$ 2,211,821	\$ 2,504,798	\$ 2,498,564	\$ 1,405,930	\$ 798,175
Expenditures					
Professional Fees	\$ 217,176	\$ 357,518	\$ 312,065	\$ 255,830	\$ 250,213
Contracted Services	148,474	177,856	126,716	212,857	135,079
Repairs and Maintenance	1,180,706	1,000,935	915,221	777,104	393,071
Administrative Expenses	95,590	79,760	53,926	48,044	43,971
Capital Outlay	-	332,327	984,201	-	-
Utilities	18,545	27,721	28,469	2,143	-
Other	76,319	72,340	60,472	57,935	26,075
Total Expenditures	\$ 1,736,810	\$ 2,048,457	\$ 2,481,070	\$ 1,353,913	\$ 848,409
Revenues Over (Under) Expenditures	\$ 475,011	\$ 456,341	\$ 17,494	\$ 52,017	\$ (50,234)
Other Sources (Interfund Transfer)	\$ 80,823	\$ 662,130 (a)	\$ -	\$ 110,740	\$ 31,272
Fund Balance (Beginning of Year)	\$ 2,842,700	\$ 1,724,229	\$ 1,706,735	\$ 1,543,978	\$ 1,562,940
Fund Balance (End of Year)	\$ 3,398,534	\$ 2,842,700	\$ 1,724,229	\$ 1,706,735	\$ 1,543,978

(a) Represents a transfer from the Capital Projects Fund to reimburse the General Fund for previously made expenditures.

DEBT SERVICE REQUIREMENTS

The following table sets forth the actual debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds (\$5,285,000 principal amount), plus the debt service requirements on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Refunded Bonds Debt Service	Plus: Debt Service on the Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2021	\$ 9,254,347 (a)	\$ 120,840	\$ 70,000	\$ 31,788	\$ 101,788	\$ 9,235,294
2022	8,730,924	501,680	295,000	125,050	420,050	8,649,294
2023	8,635,649	496,930	295,000	116,200	411,200	8,549,919
2024	8,573,739	501,595	310,000	107,350	417,350	8,489,494
2025	8,503,339	500,395	320,000	98,050	418,050	8,420,994
2026	8,412,289	503,795	330,000	88,450	418,450	8,326,944
2027	8,313,021	506,290	345,000	78,550	423,550	8,230,281
2028	8,230,121	502,690	350,000	68,200	418,200	8,145,631
2029	7,785,214	508,170	360,000	61,200	421,200	7,698,244
2030	7,704,951	502,420	360,000	54,000	414,000	7,616,531
2031	6,946,436	505,680	370,000	46,800	416,800	6,857,556
2032	6,884,038	507,250	380,000	39,400	419,400	6,796,188
2033	6,759,200	507,250	385,000	31,800	416,800	6,668,750
2034	6,679,150	661,250	545,000	24,100	569,100	6,587,000
2035	6,622,056	766,500	660,000	13,200	673,200	6,528,756
2036	5,925,638	-	-	-	-	5,925,638
2037	5,727,375	-	-	-	-	5,727,375
2038	3,329,313	-	-	-	-	3,329,313
2039	2,780,688	-	-	-	-	2,780,688
2040	1,888,563	-	-	-	-	1,888,563
Total	\$ 137,686,048	\$ 7,592,735	\$ 5,375,000	\$ 984,138	\$ 6,359,138	\$ 136,452,451

(a) Excludes the March 1, 2021 debt service payment in the amount of \$1,650,732.29.

Average Annual Debt Service Requirements (2022-2040)	\$6,695,640
Maximum Annual Debt Service Requirements (2021)	\$9,235,294

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City of Missouri City, the City of Sugar Land, or any other political entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Infectious Disease Outlook (COVID-19)

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

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 volatility attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

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

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather: Hurricane Harvey

The greater Houston area is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, the 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.

To the knowledge of the District, there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the District's Engineer, approximately 12 homes located within the District experienced flooding or other material damage as a result of Hurricane Harvey. Such damage was likely caused by rainfall accumulation in excess of design criteria required for the storm water conveyance system serving the District. See "FLOOD PROTECTION."

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

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

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 flood plain 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 levee 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.

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 the 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 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 to repair.

There are three pump stations currently or proposed to serve three separate watersheds within District. The pump station serving the Steep Bank Creek watershed is jointly owned and operated by LID 19 and the District. According to an independent engineer engaged by LID 19 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 19 have, on an interim basis, acquired portable trailer mounted pumps and, on a long term basis, designed and begun construction on a 150,000 gallon per minute pumping capacity expansion project to this pump station.

The design of the levee and pump station systems are subject to regulations set forth by 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. At this time, FBCDD has not formally adopted Atlas 14 in its regulatory requirements, but it is anticipated that such adoption may be forthcoming. If adopted, 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.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots, multifamily developments, and commercial developments. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential lots of this type and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets") below, construction costs, and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 21 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base or reduce it from current levels.

Competition

The demand for and construction of single-family homes in the District, which is approximately 21 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, taxable property within the District will increase or maintain its taxable value.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 Certified Taxable Assessed Valuation of the District (see “FINANCIAL STATEMENT”) is \$2,348,322,972. After issuance of the Bonds, the maximum annual debt service requirement will be \$9,235,294 (2021) and the average annual debt service requirement will be \$6,695,640 (2022-2040). Assuming no increase or decrease from the 2020 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.42 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$9,235,294 and a tax rate of \$0.31 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$6,695,640. See “DEBT SERVICE REQUIREMENTS.” The 2021 Preliminary Taxable Assessed Valuation within the District is \$2,575,170,818. Assuming no increase or decrease from the 2021 Preliminary Taxable Assessed Valuation and a 95% collection rate, tax rates of \$0.38 and \$0.28 per \$100 assessed valuation would be necessary to pay the maximum annual requirement and average annual requirement, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2020 Certified Taxable Assessed Valuation and the 2021 Preliminary Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

Overlapping Debt Obligations

Most of the land within the District which has been developed to date (approximately 2,119 acres) and the remaining land to be developed are or will be provided water distribution, wastewater collection and storm drainage service by three MUDs. The debt service on bonds issued by the MUDs 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 applicable 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 128, MUD 129, and MUD 149 levied a 2020 Tax Rate of \$0.43, \$0.2925 and \$0.45 per \$100 assessed value, respectively. Such rates, combined with the tax rate of the District, are higher than tax rates presently being levied by some utility districts in the general vicinity of the District. Further, MUD 128 has sold ten series of bonds and has no current plans to issue additional bonds in the future to finance facilities. MUD 129 has sold eight series of bonds but does not anticipate any further issuance of debt at this time, unless for the purpose of refunding existing debt. MUD 149 has sold four series of bonds and anticipates selling additional bonds to reimburse the developers of land in its boundaries for the costs of MUD 149 facilities currently being constructed as well as facilities to be constructed in the future. 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 “FINANCIAL STATEMENT,” “ESTIMATED OVERLAPPING DEBT STATEMENT,” and “TAX DATA—Tax Adequacy for Debt Service.”

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$20,450,000 principal amount of unlimited tax levee improvement bonds authorized but unissued for levee and drainage facilities, \$50,730,000 principal amount of unlimited tax refunding bonds authorized but unissued for refunding outstanding bonds of the District, and \$7,950,000 principal amount of unlimited tax bonds authorized but unissued for recreational facilities, and the District may issue additional bonds which may be voted hereafter. The District has no remaining authorization of unlimited tax bonds for road facilities, but additional road bonds could be authorized by District voters in the future. See “THE BONDS—Issuance of Additional Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct levee and drainage facilities or recreational facilities must be approved by the TCEQ. The Developers have financed or are financing the engineering and construction costs of a levee, parks and recreational facilities and other various drainage facilities, the costs of which are expected to be reimbursed from proceeds of the sale of future bonds. The District has entered into contracts in the estimated amount of \$15,000,000 for the construction of public parks and recreational facilities to serve the District. On August 24, 2015, the District entered into a cost sharing agreement for regional recreational facilities with LID 19 by which parks and recreational facilities constructed by either district will be shared and the allocation of costs for such facilities will be shared on a pro rata acreage basis between the districts. Costs for the District’s share of parks and recreational facilities, and related design fees, have been pre-financed by the Developers, and the District’s obligation to reimburse the Developers for such costs are limited by the Chapter 49, Texas Water Code, the TCEQ Rules, and applicable agreements between the Developers and the District. Currently,

the District's ability to issue bonds to reimburse the Developers for parks and recreational facilities is limited to 1% (outstanding bonds) of the District's certified assessed value. No further costs are due to the Developers for engineering and construction of roads. Approximately \$2,800,000 remains due to the Developers for design, construction and acquisition of District levee and drainage facilities. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

The District may not be placed into bankruptcy involuntarily.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District, MUD 128 or MUD 129 (a "Utility 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.

The HGB Area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. 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 has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

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

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

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

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

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

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

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

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.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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 went into effect on June 22, 2020 and is the subject of further litigation.

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

Continuing Compliance with Certain Covenants

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

Marketability

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

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and not subject to the alternative minimum tax on individuals, or, except as described therein, corporations.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections “PLAN OF FINANCING— Escrow Agreement,” and “—Defeasance of Refunded Bonds” (but only insofar as such section relates to the legal opinion of Bond Counsel), “THE BONDS,” “THE DISTRICT—General,” “MANAGEMENT—Bond Counsel and General Counsel,” “TAX PROCEDURES,” and “LEGAL MATTERS—Legal Opinions” (insofar as such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas has reviewed the information appearing in this Official Statement under the caption “LEGAL MATTERS—Legal Opinions” (insofar as such section relates to the opinion of Special Tax Counsel) and “TAX MATTERS” solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this Official Statement, nor have such firms 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 such firms' 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 of the other information contained herein.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Public Finance Partners LLC and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Special Tax Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The Underwriter has represented that the initial public offering price to be paid for the Bonds (the “Original Issue Discount Bonds”), as stated on the cover of the Official Statement, may be less than the principal amount thereof. As such, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period for which such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM LEGISLATION OR THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax- exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on- behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be “qualified tax-exempt obligations.”**

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take and pay for the Bonds, and 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 Preliminary Official Statement, as it may have been supplemented or amended through the date of the sale.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING

Moody’s Investors Service (“Moody’s”) has assigned a credit rating of “Aa3” on the Bonds. An explanation of the rating may be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Underwriter. See “MUNICIPAL BOND RATING.”

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes and (c) compliance with certain conditions of the City of Missouri City Ordinance No. O-15-63.

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice Of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement.

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

Consultants

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

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

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

Auditor: The District's audited financial statements for the fiscal year ending September 30, 2020 have been prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's September 30, 2020 audited financial statement.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED," "FINANCIAL STATEMENT," "TAX DATA," "GENERAL FUND," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2021. Any financial statements so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements, and audited financial statements when and if such audited financial statements become available.

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

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

In the last five years, the District has made certain filings to comply with its prior continuing disclosure undertakings with respect to debt issued by the District. These filings are publicly available on EMMA.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Fort Bend County Levee Improvement District No. 15, as of the date shown on the cover page.

/s/ Rohit Sankholkar _____
President, Board of Directors
Fort Bend County Levee Improvement District No. 15

ATTEST:

/s/ Girish Misra _____
Secretary, Board of Directors
Fort Bend County Levee Improvement District No. 15

APPENDIX A

District Audited Financial Statements for the fiscal year ended September 30, 2020

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 15**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2020

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McGRATH & CO., PLLC

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

Independent Auditors' Report

Board of Directors
Fort Bend County Levee Improvement District No. 15
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. 15, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

***Board of Directors
Fort Bend County Levee Improvement District No. 15
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. 15, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

W. G. Gattner & Co., P.C.

Houston, Texas
January 18, 2021

Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 15 (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 September 30, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020**

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at September 30, 2020, was negative \$11,319,043. The District's net position is negative because it 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 September 30, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	\$ 18,740,165	\$ 17,851,238
Capital assets	81,321,599	75,933,499
Total assets	<u>100,061,764</u>	<u>93,784,737</u>
 Total deferred outflows of resources	 <u>1,804,415</u>	 <u>1,428,097</u>
 Current liabilities	 8,478,971	 7,579,258
Long-term liabilities	104,706,251	101,936,877
Total liabilities	<u>113,185,222</u>	<u>109,516,135</u>
 Net position		
Net investment in capital assets	102,190	(3,232,513)
Restricted	8,358,571	9,173,785
Unrestricted	<u>(19,779,804)</u>	<u>(20,244,573)</u>
Total net position	<u>\$ (11,319,043)</u>	<u>\$ (14,303,301)</u>

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020

The total net position of the District increased during the current fiscal year by \$2,984,258. 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	\$ 11,395,628	\$ 12,032,091
Other	248,777	609,422
Total revenues	<u>11,644,405</u>	<u>12,641,513</u>
Expenses		
Operations and administrative	1,929,976	1,959,571
Debt interest and fees	3,610,767	3,435,235
Developer interest	511,112	439,448
Debt issuance costs	1,632,139	665,488
Depreciation/amortization	1,119,764	1,023,717
Total expenses	<u>8,803,758</u>	<u>7,523,459</u>
Change in net position before other items	2,840,647	5,118,054
Other items		
Change in estimate of due to developer	143,611	
Transfers to other governments		(387,208)
Change in net position	2,984,258	4,730,846
Net position, beginning of year	<u>(14,303,301)</u>	<u>(19,034,147)</u>
Net position, end of year	<u>\$ (11,319,043)</u>	<u>\$ (14,303,301)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2020, were \$18,233,844, which consists of \$3,398,534 in the General Fund, \$8,644,078 in the Debt Service Fund, and \$6,191,232 in the Capital Projects Fund.

General Fund

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

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 3,598,786</u>	<u>\$ 2,992,117</u>
Total liabilities	\$ 192,395	\$ 142,099
Total deferred inflows	7,857	7,318
Total fund balance	<u>3,398,534</u>	<u>2,842,700</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,598,786</u>	<u>\$ 2,992,117</u>

***Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020***

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 2,211,821	\$ 2,504,798
Total expenditures	<u>(1,736,810)</u>	<u>(2,048,457)</u>
Revenues over expenditures	475,011	456,341
Other changes in fund balance	<u>80,823</u>	<u>662,130</u>
Net change in fund balance	<u>\$ 555,834</u>	<u>\$ 1,118,471</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. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

Debt Service Fund

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

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 8,702,877</u>	<u>\$ 9,439,904</u>
Total liabilities	\$ 15,076	\$ 2,450
Total deferred inflows	43,723	41,211
Total fund balance	<u>8,644,078</u>	<u>9,396,243</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,702,877</u>	<u>\$ 9,439,904</u>

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 9,371,953	\$ 10,091,776
Total expenditures	<u>(10,950,618)</u>	<u>(10,129,890)</u>
Revenues under expenditures	(1,578,665)	(38,114)
Other changes in fund balance	<u>826,500</u>	<u></u>
Net change in fund balance	<u>\$ (752,165)</u>	<u>\$ (38,114)</u>

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

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020

cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$11,605,000 in refunding bonds to refund \$11,295,000 of its outstanding Series 2012 and Series 2013 bonds. This refunding will save the District \$2,164,248 in future debt service requirements.

During the current year, the also District issued \$9,390,000 in road refunding bonds to refund \$9,200,000 of its outstanding Series 2013 road bonds. This refunding will save the District \$2,246,599 in future debt service requirements.

Capital Projects Fund

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

	2020	2019
Total assets	\$ 6,438,502	\$ 5,419,217
Total liabilities	\$ 247,270	\$ 451,040
Total fund balance	6,191,232	4,968,177
Total liabilities and fund balance	\$ 6,438,502	\$ 5,419,217

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

	2020	2019
Total revenues	\$ 57,580	\$ 100,698
Total expenditures	(16,702,451)	(5,068,944)
Revenues under expenditures	(16,644,871)	(4,968,246)
Other changes in fund balance	17,867,926	8,262,870
Net change in fund balance	\$ 1,223,055	\$ 3,294,624

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2019A Unlimited Tax Levee Improvement Bonds and Series 2020 Unlimited Tax Park Bonds in the current year and the sale of its Series 2019 Unlimited Tax Levee Improvement Bonds in the prior year.

General Fund Budgetary Highlights

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

**Fort Bend County Levee Improvement District No. 15
 Management’s Discussion and Analysis
 September 30, 2020**

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$219,628 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

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

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 52,249,858	\$ 51,479,961
Construction in progress	4,968,813	1,720,990
	<u>57,218,671</u>	<u>53,200,951</u>
Capital assets being depreciated		
Infrastructure	7,963,943	6,807,802
Park facilities and landscaping improvements	17,533,089	16,199,086
Interest in joint facilities	2,917,555	2,917,555
Other facilities and equipment	310,706	310,706
	<u>28,725,293</u>	<u>26,235,149</u>
Less accumulated depreciation		
Infrastructure	(599,282)	(422,304)
Park facilities and landscaping improvements	(3,604,282)	(2,763,947)
Interest in joint facilities	(319,511)	(247,335)
Other facilities and equipment	(99,290)	(69,015)
	<u>(4,622,365)</u>	<u>(3,502,601)</u>
Depreciable capital assets, net	<u>24,102,928</u>	<u>22,732,548</u>
Capital assets, net	<u>\$ 81,321,599</u>	<u>\$ 75,933,499</u>

Capital asset additions during the current year include the following:

- Hagerson Road watershed interconnect between Snake Slough and Steep Bank Creek
- Snake Slough storm sewer extension
- Hagerson Road tract detention
- Landscaping improvements to serve Avalon Sections 14 and 17

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2020

The District's construction in progress is for engineering and construction of the following:

- Snake Slough pump station
- University Boulevard watershed interconnect between Steep Bank Creek and Alcorn Bayou
- Steep Bank Creek pump station expansion

Long-Term Debt and Related Liabilities

As of September 30, 2020, the District owes approximately \$4,028,758 to developers for completed projects and operating advances. 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 developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

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

Series	2020	2019
2012 Levee	\$ -	\$ 6,450,000
2013 Levee		5,245,000
2013 Road		9,530,000
2013 Refunding	5,530,000	5,770,000
2014 Road	6,275,000	6,525,000
2015 Road	3,225,000	3,375,000
2015 Levee	15,600,000	16,425,000
2015 Refunding	4,390,000	4,635,000
2016 Refunding	3,555,000	3,785,000
2017 Levee	17,250,000	17,400,000
2017 Park	2,750,000	5,750,000
2017 Refunding	3,395,000	3,545,000
2019 Levee	7,425,000	8,175,000
2019A Levee	8,620,000	
2020 Refunding	11,605,000	
2020 Road Refunding	9,390,000	
2020 Park	9,300,000	
	\$ 108,310,000	\$ 96,610,000

During the current year, the District issued \$8,620,000 in unlimited tax levee improvement bonds, \$11,605,000 in unlimited tax refunding bonds, \$9,390,000 in unlimited tax road refunding bonds, and \$9,300,000 in unlimited tax park bonds. At September 30, 2020, the District had \$20,450,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the levee and drainage systems within the District; \$7,950,000 for recreational facilities and \$50,820,000 for refunding purposes.

**Fort Bend County Levee Improvement District No. 15
 Management’s Discussion and Analysis
 September 30, 2020**

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	\$ 2,211,821	\$ 1,850,300
Total expenditures	(1,736,810)	(1,721,441)
Revenues over expenditures	475,011	128,859
Other changes in fund balance	80,823	
Net change in fund balance	555,834	128,859
Beginning fund balance	2,842,700	3,398,534
Ending fund balance	<u>\$ 3,398,534</u>	<u>\$ 3,527,393</u>

Property Taxes

The District’s property tax base increased approximately \$217,155,000 for the 2020 tax year from \$2,138,740,669 to \$2,355,895,195. This increase was primarily due to new construction in the District. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.08 per \$100 of assessed value, a road debt service tax rate of \$0.0588 per \$100 of assessed value and a levee debt service tax rate of \$0.3012 per \$100 of assessed value for a total combined tax rate of \$0.44 per \$100. Tax rates for the 2019 tax year were \$0.10 per \$100 for maintenance and operations, \$0.0758 per \$100 for road debt service, and \$0.3542 per \$100 for levee debt service for a combined total of \$0.53 per \$100 of assessed value.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 12, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District’s operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Fort Bend County Levee Improvement District No. 15
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 267,261	\$ 2,871,769	\$ 1,080,838	\$ 4,219,868	\$ -	\$ 4,219,868
Investments	3,309,299	5,789,459	5,349,044	14,447,802		14,447,802
Taxes receivable	7,857	43,723		51,580		51,580
Interest receivable	197	1,238		1,435		1,435
Internal balances	(5,308)	(3,312)	8,620			
Due from other governments	19,480			19,480		19,480
Capital assets not being depreciated					57,218,671	57,218,671
Capital assets, net					24,102,928	24,102,928
Total Assets	\$ 3,598,786	\$ 8,702,877	\$ 6,438,502	\$18,740,165	81,321,599	100,061,764
Deferred Outflows of Resources						
Deferred difference on refunding					1,804,415	1,804,415
Liabilities						
Accounts payable	\$ 164,662	\$ -	\$ 25,177	\$ 189,839		189,839
Other payables	27,733	254		27,987		27,987
Retainage payable			222,093	222,093		222,093
Accrued interest payable		14,822		14,822	329,230	344,052
Due to developers					4,028,758	4,028,758
Long-term debt						
Due within one year					7,695,000	7,695,000
Due after one year					100,677,493	100,677,493
Total Liabilities	192,395	15,076	247,270	454,741	112,730,481	113,185,222
Deferred Inflows of Resources						
Deferred property taxes	7,857	43,723		51,580	(51,580)	
Fund Balances/Net Position						
Fund Balances						
Restricted		8,644,078	6,191,232	14,835,310	(14,835,310)	
Unassigned	3,398,534			3,398,534	(3,398,534)	
Total Fund Balances	3,398,534	8,644,078	6,191,232	18,233,844	(18,233,844)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,598,786	\$ 8,702,877	\$ 6,438,502	\$18,740,165		
Net Position						
Net investment in capital assets					102,190	102,190
Restricted for debt service					8,358,571	8,358,571
Unrestricted					(19,779,804)	(19,779,804)
Total Net Position					\$(11,319,043)	\$(11,319,043)

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 15
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 2,138,751	\$ 9,196,735	\$ -	\$ 11,335,486	\$ 3,051	\$ 11,338,537
Penalties and interest	3,028	54,063		57,091		57,091
Miscellaneous	13,963	9,400		23,363		23,363
FEMA grants	28,470			28,470		28,470
Investment earnings	27,609	111,755	57,580	196,944		196,944
Total Revenues	2,211,821	9,371,953	57,580	11,641,354	3,051	11,644,405
Expenditures/Expenses						
Operations and administrative						
Professional fees	217,176		83,629	300,805		300,805
Contracted services	148,474	92,852		241,326		241,326
Repairs and maintenance	1,180,706			1,180,706		1,180,706
Utilities	18,545			18,545		18,545
Administrative	95,590	5,758		101,348		101,348
Other	76,319	10,910	17	87,246		87,246
Capital outlay			15,160,118	15,160,118	(15,160,118)	
Debt service						
Principal		6,720,000		6,720,000	(6,720,000)	
Interest and fees		3,436,534		3,436,534	174,233	3,610,767
Developer interest			511,112	511,112		511,112
Debt issuance costs		684,564	947,575	1,632,139		1,632,139
Depreciation/amortization					1,119,764	1,119,764
Total Expenditures/Expenses	1,736,810	10,950,618	16,702,451	29,389,879	(20,586,121)	8,803,758
Revenues Over (Under)						
Expenditures/Expenses	475,011	(1,578,665)	(16,644,871)	(17,748,525)	20,589,172	2,840,647
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			17,920,000	17,920,000	(17,920,000)	
Proceeds from sale of refunding bonds		20,995,000		20,995,000	(20,995,000)	
Bond premium		351,397		351,397	(351,397)	
Payment to refunded bond escrow agent		(20,491,148)		(20,491,148)	20,491,148	
Internal transfers	80,823	(28,749)	(52,074)			
Other Items						
Change in estimate of due to developer					143,611	143,611
Net Change in Fund Balances	555,834	(752,165)	1,223,055	1,026,724	(1,026,724)	
Change in Net Position					2,984,258	2,984,258
Fund Balance/Net Position						
Beginning of the year	2,842,700	9,396,243	4,968,177	17,207,120	(31,510,421)	(14,303,301)
End of the year	\$ 3,398,534	\$ 8,644,078	\$ 6,191,232	\$ 18,233,844	\$(29,552,887)	\$(11,319,043)

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 15 (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 September 19, 2000, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on October 23, 2000 and the first bonds were sold on December 28, 2006. The District was granted road powers by the Texas Legislature (Senate Bill No. 1883) on May 28, 2003.

At an election held on November 6, 2018, voters of the District approved a proposition for directors to be elected rather than appointed by Fort Bend County Commissioners Court. On November 14, 2018, the District adopted an Order Canvassing the Returns and Declaring Results of Director Election, pursuant to which the District’s directors are elected rather than appointed.

The District’s primary activities include construction, maintenance and operation of all improvements and utilities necessary for providing flood plain reclamation, flood protection, drainage, road improvements and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

- The General Fund is used to account for the operations of the District’s levee and drainage system and all other financial transactions not reported in other funds. The principal source of revenues 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 levee and drainage system, parks and recreational facilities, 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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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 September 30, 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.

The District’s levee system and detention facilities are considered improvements to land and are nondepreciable. Depreciable capital assets, which primarily consist of levee pump stations, drainage improvements, park facilities and landscaping improvements, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Park facilities and landscaping improvements	12-45 years
Interest in joint facilities	25-45 years
Other facilities and equipment	17-25 years

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The District's levee system is considered an improvement to land and is non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to Fort Bend County and the value of capital assets for which the developers have 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. 15
Notes to Basic Financial Statements
September 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		\$ 18,233,844
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 85,943,964	
Less accumulated depreciation	(4,622,365)	
Change due to capital assets		81,321,599

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 *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

1,804,415

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net	(108,372,493)	
Interest payable on bonds	(329,230)	
Change due to long-term debt		(108,701,723)

Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position*.

(4,028,758)

Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

Property taxes receivable	41,090	
Penalty and interest receivable	10,490	
Change due to property taxes		51,580

Total net position - governmental activities		\$ (11,319,043)
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Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

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

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

Net change in fund balances - total governmental funds \$ 1,026,724

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes. 3,051

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

Capital outlays	\$ 15,160,118	
Depreciation expense	<u>(1,119,764)</u>	
		14,040,354

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.

Issuance of long term debt	(38,915,000)	
Payment to refunded bond escrow agent	20,491,148	
Bond premium	(351,397)	
Principal payments	6,720,000	
Interest expense accrual	<u>(174,233)</u>	
		(12,229,482)

Revisions in the estimate of due to developer do not provide financial resources in the funds; but result in an adjustment to net position in *Statement of Activities*. 143,611

Change in net position of governmental activities \$ 2,984,258

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.

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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of September 30, 2020, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 240,000			
	Debt Service	1,925,174		N/A	N/A
		<u>2,165,174</u>	15%	N/A	N/A
TexSTAR	General	3,069,299			
	Debt Service	3,864,285			
	Capital Projects	5,349,044			
		<u>12,282,628</u>	85%	AAAm	39 days
Total		<u>\$ 14,447,802</u>	<u>100%</u>		

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

TexSTAR

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

The District’s investment in TexSTAR is reported at fair value because TexSTAR uses fair value to report investments. 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 TexSTAR is measured using published fair value per share (level 1 inputs).

Investments in TexSTAR 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. 15
Notes to Basic Financial Statements
September 30, 2020

Note 4 – Interfund Balances and Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 3,312	Maintenance tax collections not remitted as of year end
Capital Projects Fund	General Fund	8,620	To reimburse amounts transferred in excess of bond issuance costs

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	\$ 52,074	Reimbursement of bond issuance costs paid by General Fund
Debt Service Fund	General Fund	28,749	Reimbursement of maintenance taxes held for tax assessment and collection expenditures

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 51,479,961	\$ 769,897	\$ -	\$ 52,249,858
Construction in progress	1,720,990	3,732,297	(484,474)	4,968,813
	<u>53,200,951</u>	<u>4,502,194</u>	<u>(484,474)</u>	<u>57,218,671</u>
Capital assets being depreciated/amortized				
Infrastructure	6,807,802	1,156,141		7,963,943
Park facilities and landscaping improvements	16,199,086	1,334,003		17,533,089
Interest in joint facilities	2,917,555			2,917,555
Other facilities and equipment	310,706			310,706
	<u>26,235,149</u>	<u>2,490,144</u>		<u>28,725,293</u>
Less accumulated depreciation/amortization				
Infrastructure	(422,304)	(176,978)		(599,282)
Park facilities and landscaping improvements	(2,763,947)	(840,335)		(3,604,282)
Interest in joint facilities	(247,335)	(72,176)		(319,511)
Other facilities and equipment	(69,015)	(30,275)		(99,290)
	<u>(3,502,601)</u>	<u>(1,119,764)</u>		<u>(4,622,365)</u>
Subtotal depreciable capital assets, net	<u>22,732,548</u>	<u>1,370,380</u>		<u>24,102,928</u>
Capital assets, net	<u>\$ 75,933,499</u>	<u>\$ 5,872,574</u>	<u>\$ (484,474)</u>	<u>\$ 81,321,599</u>

Depreciation/amortization expense for the current year was \$1,119,764.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Amounts Paid	Remaining Commitment
Snake Slough pump station	\$ 4,640,770	\$ 4,219,763	\$ 421,007

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of the levee and drainage systems, 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. 15
Notes to Basic Financial Statements
September 30, 2020

Note 6 – Due to Developers (continued)

The District’s developers have also advanced funds to the District for operating expenses.

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

Due to developers, beginning of year	\$ 12,824,623
Developer reimbursements	(11,422,741)
Developer funded construction and adjustments	2,770,487
Change in estimate of due to developer	<u>(143,611)</u>
Due to developers, end of year	<u>\$ 4,028,758</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 108,310,000
Unamortized discounts	(657,588)
Unamortized premium	<u>720,081</u>
	<u>\$ 108,372,493</u>
Due within one year	<u>\$ 7,695,000</u>

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 7 – Long-Term Debt (continued)

The District’s bonds payable at September 30, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2013 Refunding	\$ 5,530,000	\$ 6,505,000	2.0% - 5.0%	September 1, 2014/2035	March 1, September 1	September 1, 2021
2014 Road	6,275,000	7,625,000	2.0% - 3.75%	September 1, 2015/2038	March 1, September 1	September 1, 2022
2015 Road	3,225,000	3,975,000	3.0% - 5.0%	September 1, 2016/2040	March 1, September 1	September 1, 2022
2015 Levee	15,600,000	20,250,000	2.0% - 3.625%	September 1, 2016/2039	March 1, September 1	September 1, 2023
2015 Refunding	4,390,000	5,360,000	2.0% - 4.0%	September 1, 2016/2034	March 1, September 1	September 1, 2024
2016 Refunding	3,555,000	4,250,000	2.0% - 4.0%	September 1, 2017/2033	March 1, September 1	September 1, 2023
2017 Levee	17,250,000	17,770,000	2.0% - 3.75%	September 1, 2017/2040	March 1, September 1	September 1, 2024
2017 Park	2,750,000	11,750,000	0.75% - 1.50%	September 1, 2018/2021	March 1, September 1	N/A
2017 Refunding	3,395,000	3,715,000	2.0% - 4.0%	September 1, 2018/2035	March 1, September 1	September 1, 2024
2019 Levee	7,425,000	8,925,000	2.0% - 3.625%	September 1, 2019/2040	March 1, September 1	September 1, 2024
2019A Levee	8,620,000	8,620,000	2.0% - 3.0%	September 1, 2021/2040	March 1, September 1	September 1, 2025
2020 Refunding	11,605,000	11,605,000	2.0% - 4.0%	September 1, 2021/2037	March 1, September 1	September 1, 2026
2020 Road Refunding	9,390,000	9,390,000	2.0% - 4.0%	September 1, 2021/2037	March 1, September 1	September 1, 2026
2020 Park	9,300,000	9,300,000	1%	September 1, 2021/2030	March 1, September 1	September 1, 2025
	<u>\$ 108,310,000</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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 7 – Long-Term Debt (continued)

At September 30, 2020, the District had authorized but unissued bonds in the amount of \$20,450,000 for levee improvements; \$7,950,000 for recreational facilities and \$50,820,000 for refunding purposes.

On December 19, 2019, the District issued its \$8,620,000 Series 2019A Unlimited Tax Levee Improvement Bonds at a net effective interest rate of 2.583567%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to fund construction of flood control facilities.

On July 7, 2020, the District issued its \$11,605,000 Unlimited Tax Refunding Bonds at a net effective interest rate of 2.244993% to refund \$11,295,000 of outstanding Series 2012 and 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately \$2,164,248 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,744,233. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements.

On July 7, 2020, the District issued its \$9,300,000 Unlimited Tax Road Refunding Bonds at a net effective interest rate of 2.170684% to refund \$9,200,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately \$2,246,599 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,820,161. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements.

On September 23, 2020, the District issued its \$9,300,000 Series 2020 Unlimited Tax Park Bonds at a net effective interest rate of 1.065447%. Proceeds of the bonds were used to reimburse developers for the cost of recreational facilities constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	\$ 96,610,000
Bonds issued	38,915,000
Bonds retired	(6,720,000)
Bonds refunded	(20,495,000)
Bonds payable, end of year	<u>\$ 108,310,000</u>

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 7 – Long-Term Debt (continued)

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

Year	Principal	Interest	Totals
2021	\$ 7,695,000	\$ 3,210,080	\$ 10,905,080
2022	5,780,000	2,950,925	8,730,925
2023	5,840,000	2,795,649	8,635,649
2024	5,940,000	2,633,739	8,573,739
2025	6,035,000	2,468,338	8,503,338
2026	6,115,000	2,297,289	8,412,289
2027	6,190,000	2,123,020	8,313,020
2028	6,265,000	1,965,121	8,230,121
2029	5,980,000	1,805,213	7,785,213
2030	6,060,000	1,644,950	7,704,950
2031	5,470,000	1,476,436	6,946,436
2032	5,575,000	1,309,038	6,884,038
2033	5,625,000	1,134,201	6,759,201
2034	5,725,000	954,151	6,679,151
2035	5,850,000	772,057	6,622,057
2036	5,345,000	580,638	5,925,638
2037	5,305,000	422,376	5,727,376
2038	3,065,000	264,313	3,329,313
2039	2,625,000	155,688	2,780,688
2040	1,825,000	63,563	1,888,563
	<u>\$ 108,310,000</u>	<u>\$ 31,026,785</u>	<u>\$ 139,336,785</u>

Note 8 – Property Taxes

On September 21, 2004, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.60 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$0.53 per \$100 of assessed value, of which \$0.10 was allocated to maintenance and operations, \$0.0758 was allocated to road debt service and \$0.3542 was allocated to levee debt service. The resulting tax levy was \$11,335,326 on the adjusted taxable value of \$2,138,740,669.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 8 – Property Taxes (continued)

Total property taxes receivable, at September 30, 2020, consisted of the following:

Current year taxes receivable	\$ 27,639
Prior years taxes receivable	13,451
	<u>41,090</u>
Penalty and interest receivable	10,490
Property taxes receivable	<u>\$ 51,580</u>

Note 9 – Steep Bank Creek Regional Pump Station

The District and Fort Bend County Levee Improvement District No. 19 (“LID 19”) have jointly constructed the Steep Bank Creek regional stormwater pump station. The pump station has a permanent pumping capacity of 80,000 gallons per minute (gpm) and supplemental pumping capacity of an additional 80,000 gpm. The supplemental pumping capacity is achieved through trailer mounted pumps that can be moved to alternate locations within the boundaries of the districts as needed. Additionally, the District and LID 19 have begun the design of an expansion of the pump station to increase permanent pumping capacity to 230,000 gpm.

On August 1, 2018, as subsequently amended, the District and LID 19 entered into a maintenance agreement for the pump station, pursuant to which the operation of the pump station is managed by a joint operating committee (JOC) comprised of four directors, two from each district. Operating, maintenance and repair costs are shared between the districts on a pro-rata basis based upon the service area of each district. The District’s share of costs for the pump station is 55.3%. The JOC is authorized to undertake expenses less than \$10,000 after approval by a majority of the JOC. The JOC shall not undertake any expense 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 districts. The District is billed by LID 19 on a quarterly basis for its share of operating expenses. During the current year, the District incurred operating expenses of \$82,212.

Note 10 – Cost Sharing Agreement for Hageron Road Storm Sewer and Watershed Interconnect Facilities

On February 25, 2019, the District entered into an amended and restated cost sharing agreement with LID 19 and Fort Bend County Municipal Utility District No. 149 for the construction of storm sewer and watershed interconnect facilities to tie the Steep Bank watershed to the Alcorn Bayou watershed. The interconnect facilities will normally remain closed, but may be opened in an emergency to provide relief to one or both watershed systems. Each district will have an equitable ownership interest in the facilities based on the pro rata share of costs paid. The project was completed during the current year with the District’s pro rata share of construction related costs totaling \$498,259.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2020

Note 11 – Risk Management

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

Note 12 – Infectious Disease Outlook (COVID-19)

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

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

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

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Required Supplementary Information

Fort Bend County Levee Improvement District No. 15
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 2,125,000	\$ 2,138,751	\$ 13,751
Penalties and interest		3,028	3,028
Miscellaneous	8,000	13,963	5,963
FEMA grant		28,470	28,470
Investment earnings	60,000	27,609	(32,391)
Total Revenues	<u>2,193,000</u>	<u>2,211,821</u>	<u>18,821</u>
Expenditures			
Operating and administrative			
Professional fees	303,500	217,176	86,324
Contracted services	239,000	148,474	90,526
Repairs and maintenance	1,157,169	1,180,706	(23,537)
Utilities	12,420	18,545	(6,125)
Administrative	90,580	95,590	(5,010)
Other	54,125	76,319	(22,194)
Total Expenditures	<u>1,856,794</u>	<u>1,736,810</u>	<u>119,984</u>
Revenues Over Expenditures	336,206	475,011	138,805
Other Financing Sources			
Internal transfers		80,823	80,823
Net Change in Fund Balance	336,206	555,834	219,628
Fund Balance			
Beginning of the year	2,842,700	2,842,700	
End of the year	<u>\$ 3,178,906</u>	<u>\$ 3,398,534</u>	<u>\$ 219,628</u>

Fort Bend County Levee Improvement District No. 15
Notes to Required Supplementary Information
September 30, 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. 15
TSI-1. Services and Rates
September 30, 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 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 interconnect) | | | |
| <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 Usage</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. 15
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2020*

Professional fees		
Legal		\$ 147,488
Audit		14,500
Engineering		55,188
		<u>217,176</u>
Contracted services		
Bookkeeping/accounting		30,253
Operator		96,330
Appraisal District		21,891
		<u>148,474</u>
Repairs and maintenance		<u>1,180,706</u>
Utilities		<u>18,545</u>
Administrative		
Directors fees		18,300
Printing and office supplies		2,123
Insurance		66,569
Other		8,598
		<u>95,590</u>
Other		<u>76,319</u>
Total expenditures		<u><u>\$ 1,736,810</u></u>

Reporting of Utility Services in Accordance with Ch. 2265, Texas Government Code:

	<u>Usage</u>	<u>Cost</u>
Electrical	72,192 kWh	\$ 17,261
Water	N/A	N/A
Natural Gas	134 ccf	633

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-3. Investments
September 30, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	\$ 3,069,299	\$ -
Certificate of deposit	0.60%	08/11/21	240,000	197
			<u>3,309,299</u>	<u>197</u>
Debt Service				
TexSTAR	Variable	N/A	3,000,288	
TexSTAR	Variable	N/A	863,997	
Certificate of deposit	0.70%	08/24/21	243,174	173
Certificate of deposit	0.50%	02/14/21	240,000	141
Certificate of deposit	0.498%	08/18/21	240,000	139
Certificate of deposit	0.60%	08/27/21	242,000	135
Certificate of deposit	0.50%	08/18/21	240,000	141
Certificate of deposit	0.45%	08/18/21	240,000	127
Certificate of deposit	0.70%	02/14/21	240,000	198
Certificate of deposit	0.65%	08/18/21	240,000	184
			<u>5,789,459</u>	<u>1,238</u>
Capital Projects				
TexSTAR	Variable	N/A	254,454	
TexSTAR	Variable	N/A	147,358	
TexSTAR	Variable	N/A	58,950	
TexSTAR	Variable	N/A	53,587	
TexSTAR	Variable	N/A	2,226,985	
TexSTAR	Variable	N/A	2,607,710	
			<u>5,349,044</u>	
Total - All Funds			<u>\$ 14,447,802</u>	<u>\$ 1,435</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-4. Taxes Levied and Receivable
September 30, 2020

	Maintenance Taxes	Road Debt Service Taxes	Levee Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 7,318	\$ 6,276	\$ 25,484	\$ 39,078
Adjustments	386	281	1,528	2,195
Adjusted Receivable	7,704	6,557	27,012	41,273
2019 Original Tax Levy	2,144,284	1,625,367	7,595,053	11,364,704
Adjustments	(5,543)	(4,202)	(19,633)	(29,378)
Adjusted Tax Levy	2,138,741	1,621,165	7,575,420	11,335,326
Total to be accounted for	2,146,445	1,627,722	7,602,432	11,376,599
Tax collections:				
Current year	2,133,526	1,617,223	7,556,938	11,307,687
Prior years	5,062	4,320	18,440	27,822
Total Collections	2,138,588	1,621,543	7,575,378	11,335,509
Taxes Receivable, End of Year	\$ 7,857	\$ 6,179	\$ 27,054	\$ 41,090
Taxes Receivable, By Years				
2019	\$ 5,215	\$ 3,942	\$ 18,482	\$ 27,639
2018	1,570	1,205	5,337	8,112
2017	1,054	1,016	3,123	5,193
2016	18	16	112	146
Taxes Receivable, End of Year	\$ 7,857	\$ 6,179	\$ 27,054	\$ 41,090
	2019	2018	2017	2016
Property Valuations:				
Land	\$ 467,733,586	\$ 427,419,780	\$ 398,206,853	\$ 343,588,673
Improvements	1,704,503,795	1,537,726,920	1,385,452,503	1,156,643,410
Personal Property	17,680,315	7,538,825	6,856,720	6,026,400
Exemptions	(51,177,027)	(43,657,934)	(39,440,147)	(41,588,253)
Total Property Valuations	\$ 2,138,740,669	\$ 1,929,027,591	\$ 1,751,075,929	\$ 1,464,670,230
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.1000	\$ 0.1200	\$ 0.140	\$ 0.090
Road debt service tax rates	0.0758	0.0921	0.135	0.080
Levee debt service tax rates	0.3542	0.4079	0.415	0.560
Total Tax Rates per \$100 Valuation	\$ 0.5300	\$ 0.6200	\$ 0.690	\$ 0.730
Adjusted Tax Levy:	\$ 11,335,326	\$ 11,959,971	\$ 12,082,424	\$ 10,692,093
Percentage of Taxes Collected to Taxes Levied **	99.76%	99.93%	99.96%	99.999%

* Maximum Maintenance Tax Rate Approved by Voters: \$0.60 on September 21, 2004

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on September 21, 2004

** 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. 15
TSI-5. Long-Term Debt Service Requirements
Series 2013 Refunding--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 245,000	\$ 250,500	\$ 495,500
2022	260,000	241,680	501,680
2023	265,000	231,930	496,930
2024	280,000	221,595	501,595
2025	290,000	210,395	500,395
2026	305,000	198,795	503,795
2027	320,000	186,290	506,290
2028	330,000	172,690	502,690
2029	350,000	158,170	508,170
2030	360,000	142,420	502,420
2031	380,000	125,680	505,680
2032	400,000	107,250	507,250
2033	420,000	87,250	507,250
2034	595,000	66,250	661,250
2035	730,000	36,500	766,500
	<u>\$ 5,530,000</u>	<u>\$ 2,437,395</u>	<u>\$ 7,967,395</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 260,000	\$ 204,200	\$ 464,200
2022	270,000	197,700	467,700
2023	280,000	190,950	470,950
2024	290,000	183,950	473,950
2025	300,000	175,975	475,975
2026	310,000	166,975	476,975
2027	320,000	157,675	477,675
2028	330,000	148,075	478,075
2029	340,000	138,175	478,175
2030	350,000	127,550	477,550
2031	360,000	116,175	476,175
2032	370,000	104,025	474,025
2033	390,000	91,075	481,075
2034	400,000	77,425	477,425
2035	410,000	63,425	473,425
2036	425,000	48,563	473,563
2037	430,000	32,625	462,625
2038	440,000	16,500	456,500
	<u>\$ 6,275,000</u>	<u>\$ 2,241,038</u>	<u>\$ 8,516,038</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2015 Road--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 150,000	\$ 111,963	\$ 261,963
2022	150,000	104,463	254,463
2023	150,000	96,963	246,963
2024	150,000	92,463	242,463
2025	150,000	87,963	237,963
2026	150,000	83,313	233,313
2027	150,000	78,625	228,625
2028	150,000	73,750	223,750
2029	150,000	68,875	218,875
2030	150,000	64,000	214,000
2031	150,000	59,125	209,125
2032	175,000	54,250	229,250
2033	175,000	48,344	223,344
2034	175,000	42,437	217,437
2035	175,000	36,531	211,531
2036	175,000	30,625	205,625
2037	175,000	24,500	199,500
2038	175,000	18,375	193,375
2039	175,000	12,250	187,250
2040	175,000	6,125	181,125
	<u>\$ 3,225,000</u>	<u>\$ 1,194,940</u>	<u>\$ 4,419,940</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2015 Levee--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 825,000	\$ 484,031	\$ 1,309,031
2022	825,000	467,531	1,292,531
2023	825,000	446,906	1,271,906
2024	825,000	426,281	1,251,281
2025	825,000	405,656	1,230,656
2026	825,000	385,031	1,210,031
2027	825,000	360,281	1,185,281
2028	825,000	335,531	1,160,531
2029	825,000	310,781	1,135,781
2030	825,000	286,031	1,111,031
2031	825,000	259,219	1,084,219
2032	825,000	232,406	1,057,406
2033	825,000	204,563	1,029,563
2034	825,000	175,688	1,000,688
2035	825,000	146,813	971,813
2036	825,000	116,906	941,906
2037	800,000	87,000	887,000
2038	800,000	58,000	858,000
2039	800,000	29,000	829,000
	<u>\$ 15,600,000</u>	<u>\$ 5,217,655</u>	<u>\$ 20,817,655</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 255,000	\$ 151,494	\$ 406,494
2022	270,000	143,844	413,844
2023	270,000	138,444	408,444
2024	280,000	127,644	407,644
2025	295,000	116,444	411,444
2026	310,000	104,644	414,644
2027	315,000	92,244	407,244
2028	330,000	79,644	409,644
2029	330,000	69,744	399,744
2030	345,000	59,431	404,431
2031	345,000	48,219	393,219
2032	355,000	36,575	391,575
2033	360,000	24,150	384,150
2034	330,000	11,550	341,550
	<u>\$ 4,390,000</u>	<u>\$ 1,204,071</u>	<u>\$ 5,594,071</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 230,000	\$ 135,250	\$ 365,250
2022	230,000	128,350	358,350
2023	235,000	121,450	356,450
2024	245,000	114,400	359,400
2025	255,000	104,600	359,600
2026	260,000	94,400	354,400
2027	270,000	84,000	354,000
2028	280,000	73,200	353,200
2029	290,000	62,000	352,000
2030	305,000	50,400	355,400
2031	310,000	38,200	348,200
2032	320,000	25,800	345,800
2033	325,000	13,000	338,000
	<u>\$ 3,555,000</u>	<u>\$ 1,045,050</u>	<u>\$ 4,600,050</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2017 Levee--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 150,000	\$ 567,750	\$ 717,750
2022	900,000	564,750	1,464,750
2023	900,000	537,750	1,437,750
2024	900,000	510,750	1,410,750
2025	900,000	483,750	1,383,750
2026	900,000	456,750	1,356,750
2027	900,000	429,750	1,329,750
2028	900,000	402,750	1,302,750
2029	900,000	375,750	1,275,750
2030	900,000	348,750	1,248,750
2031	900,000	320,625	1,220,625
2032	900,000	291,375	1,191,375
2033	900,000	261,000	1,161,000
2034	900,000	229,500	1,129,500
2035	900,000	198,000	1,098,000
2036	900,000	166,500	1,066,500
2037	900,000	133,875	1,033,875
2038	900,000	101,250	1,001,250
2039	900,000	67,500	967,500
2040	900,000	33,750	933,750
	<u>\$ 17,250,000</u>	<u>\$ 6,481,875</u>	<u>\$ 23,731,875</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2017 Park--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2021</u>	<u>\$ 2,750,000</u>	<u>\$ 41,250</u>	<u>\$ 2,791,250</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2017 Refunding--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 155,000	\$ 98,413	\$ 253,413
2022	165,000	93,763	258,763
2023	170,000	88,812	258,812
2024	185,000	82,013	267,013
2025	190,000	78,312	268,312
2026	195,000	74,275	269,275
2027	200,000	69,887	269,887
2028	215,000	64,887	279,887
2029	220,000	58,975	278,975
2030	230,000	52,375	282,375
2031	240,000	45,475	285,475
2032	250,000	38,275	288,275
2033	260,000	30,775	290,775
2034	340,000	22,975	362,975
2035	380,000	12,350	392,350
	<u>\$ 3,395,000</u>	<u>\$ 911,562</u>	<u>\$ 4,306,562</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15
 TSI-5. Long-Term Debt Service Requirements
 Series 2019 Levee--by Years
 September 30, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 375,000	\$ 212,031	\$ 587,031
2022	375,000	204,531	579,531
2023	375,000	197,031	572,031
2024	375,000	189,531	564,531
2025	375,000	182,031	557,031
2026	375,000	173,594	548,594
2027	375,000	165,156	540,156
2028	375,000	155,781	530,781
2029	375,000	144,531	519,531
2030	375,000	133,281	508,281
2031	375,000	122,031	497,031
2032	375,000	110,781	485,781
2033	375,000	99,531	474,531
2034	375,000	87,813	462,813
2035	375,000	75,625	450,625
2036	375,000	62,969	437,969
2037	375,000	50,313	425,313
2038	350,000	37,188	387,188
2039	350,000	24,938	374,938
2040	350,000	12,688	362,688
	<u>\$ 7,425,000</u>	<u>\$ 2,441,375</u>	<u>\$ 9,866,375</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2019A Levee--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 450,000	\$ 220,500	\$ 670,500
2022	450,000	207,000	657,000
2023	450,000	193,500	643,500
2024	450,000	180,000	630,000
2025	450,000	166,500	616,500
2026	450,000	153,000	603,000
2027	450,000	144,000	594,000
2028	450,000	135,000	585,000
2029	450,000	126,000	576,000
2030	450,000	117,000	567,000
2031	450,000	106,875	556,875
2032	450,000	96,188	546,188
2033	420,000	85,500	505,500
2034	400,000	75,000	475,000
2035	400,000	65,000	465,000
2036	400,000	54,500	454,500
2037	400,000	44,000	444,000
2038	400,000	33,000	433,000
2039	400,000	22,000	422,000
2040	400,000	11,000	411,000
	<u>\$ 8,620,000</u>	<u>\$ 2,235,563</u>	<u>\$ 10,855,563</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2020 Refunding--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 450,000	\$ 350,992	\$ 800,992
2022	465,000	282,850	747,850
2023	480,000	264,250	744,250
2024	495,000	245,050	740,050
2025	510,000	225,250	735,250
2026	520,000	204,850	724,850
2027	530,000	184,050	714,050
2028	530,000	173,450	703,450
2029	535,000	162,850	697,850
2030	545,000	152,150	697,150
2031	545,000	141,250	686,250
2032	550,000	130,350	680,350
2033	555,000	119,350	674,350
2034	755,000	108,250	863,250
2035	1,005,000	93,150	1,098,150
2036	1,585,000	70,538	1,655,538
2037	1,550,000	34,875	1,584,875
	<u>\$ 11,605,000</u>	<u>\$ 2,943,505</u>	<u>\$ 14,548,505</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road Refunding--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 400,000	\$ 288,706	\$ 688,706
2022	420,000	231,463	651,463
2023	440,000	214,663	654,663
2024	465,000	197,062	662,062
2025	495,000	178,462	673,462
2026	515,000	158,662	673,662
2027	535,000	138,062	673,062
2028	550,000	127,363	677,363
2029	565,000	116,362	681,362
2030	575,000	105,062	680,062
2031	590,000	93,562	683,562
2032	605,000	81,763	686,763
2033	620,000	69,663	689,663
2034	630,000	57,263	687,263
2035	650,000	44,663	694,663
2036	660,000	30,037	690,037
2037	675,000	15,188	690,188
	<u>\$ 9,390,000</u>	<u>\$ 2,148,006</u>	<u>\$ 11,538,006</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
Series 2020 Park--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 1,000,000	\$ 93,000	\$ 1,093,000
2022	1,000,000	83,000	1,083,000
2023	1,000,000	73,000	1,073,000
2024	1,000,000	63,000	1,063,000
2025	1,000,000	53,000	1,053,000
2026	1,000,000	43,000	1,043,000
2027	1,000,000	33,000	1,033,000
2028	1,000,000	23,000	1,023,000
2029	650,000	13,000	663,000
2030	650,000	6,500	656,500
	<u>\$ 9,300,000</u>	<u>\$ 483,500</u>	<u>\$ 9,783,500</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 7,695,000	\$ 3,210,080	\$ 10,905,080
2022	5,780,000	2,950,925	8,730,925
2023	5,840,000	2,795,649	8,635,649
2024	5,940,000	2,633,739	8,573,739
2025	6,035,000	2,468,338	8,503,338
2026	6,115,000	2,297,289	8,412,289
2027	6,190,000	2,123,020	8,313,020
2028	6,265,000	1,965,121	8,230,121
2029	5,980,000	1,805,213	7,785,213
2030	6,060,000	1,644,950	7,704,950
2031	5,470,000	1,476,436	6,946,436
2032	5,575,000	1,309,038	6,884,038
2033	5,625,000	1,134,201	6,759,201
2034	5,725,000	954,151	6,679,151
2035	5,850,000	772,057	6,622,057
2036	5,345,000	580,638	5,925,638
2037	5,305,000	422,376	5,727,376
2038	3,065,000	264,313	3,329,313
2039	2,625,000	155,688	2,780,688
2040	1,825,000	63,563	1,888,563
	<u>\$ 108,310,000</u>	<u>\$ 31,026,785</u>	<u>\$ 139,336,785</u>

See accompanying auditors' report.

	Bond Issue			
	Series 2012 Levee	Series 2013 Levee	Series 2013 Road	Series 2013 Refunding
Interest rate	2.5% - 4.6%	2.0% - 4.0%	3.0% - 5.0%	2.0% - 5.0%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/14 - 9/1/20	9/1/14 - 9/1/20	9/1/14 - 9/1/20	9/1/14 - 9/1/35
Beginning bonds outstanding	\$ 6,450,000	\$ 5,245,000	\$ 9,530,000	\$ 5,770,000
Bonds issued				
Bonds refunded	(6,200,000)	(5,095,000)	(9,200,000)	
Bonds retired	(250,000)	(150,000)	(330,000)	(240,000)
Ending bonds outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,530,000</u>
Interest paid during fiscal year	<u>\$ 410,175</u>	<u>\$ 291,375</u>	<u>\$ 639,394</u>	<u>\$ 258,540</u>
Paying agent's name and city				
Series 2012	Wells Fargo Bank, N.A. Houston, Texas			
All Other Series	The Bank of New York Mellon Trust Company, N.A. Dallas Texas			
Bond Authority:	Levee Bonds	Park Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 106,180,000	\$ 29,000,000	\$ 29,000,000	\$ 53,090,000
Amount Issued	(85,730,000)	(21,050,000)	(29,000,000)	(2,270,000)
Remaining To Be Issued	<u>\$ 20,450,000</u>	<u>\$ 7,950,000</u>	<u>\$ -</u>	<u>\$ 50,820,000</u>

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

Debt Service Fund cash and investment balances as of September 30, 2020: \$ 8,661,228

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 6,966,839

See accompanying auditors' report.

Bond Issue					
Series 2014 Road	Series 2015 Road	Series 2015 Levee	Series 2015 Refunding	Series 2016 Refunding	Series 2017 Levee
2.0% - 3.75% 3/1; 9/1 9/1/15 - 9/1/38	3.0% - 5.0% 3/1; 9/1 9/1/16 - 9/1/40	2.0% - 3.625% 3/1; 9/1 9/1/16 - 9/1/39	2.0% - 4.0% 3/1; 9/1 9/1/16 - 9/1/34	2.0% - 4.0% 3/1; 9/1 9/1/17 - 9/1/33	2.0% - 3.75% 3/1; 9/1 9/1/17 - 9/1/40
\$ 6,525,000	\$ 3,375,000	\$ 16,425,000	\$ 4,635,000	\$ 3,785,000	\$ 17,400,000
(250,000)	(150,000)	(825,000)	(245,000)	(230,000)	(150,000)
\$ 6,275,000	\$ 3,225,000	\$ 15,600,000	\$ 4,390,000	\$ 3,555,000	\$ 17,250,000
\$ 209,200	\$ 119,463	\$ 500,531	\$ 158,844	\$ 139,850	\$ 570,750

	Bond Issue			
	Series 2017 Park	Series 2017 Refunding	Series 2019 Levee	Series 2019A Levee
Interest rate	0.75% - 1.50%	2.0% - 4.0%	2.0% - 3.625%	2.00% - 3.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/18 -	9/1/18 -	9/1/18 -	9/1/21 -
Maturity dates	9/1/21	9/1/35	9/1/40	9/1/40
Beginning bonds outstanding	\$ 5,750,000	\$ 3,545,000	\$ 8,175,000	\$ -
Bonds issued				8,620,000
Bonds refunded				
Bonds retired	(3,000,000)	(150,000)	(750,000)	
Ending bonds outstanding	<u>\$ 2,750,000</u>	<u>\$ 3,395,000</u>	<u>\$ 7,425,000</u>	<u>\$ 8,620,000</u>
Interest paid during fiscal year	<u>\$ 86,250</u>	<u>\$ 101,412</u>	<u>\$ 227,031</u>	<u>\$ 165,375</u>

See accompanying auditors' report.

Bond Issue			
Series 2020 Refunding	Series 2020 Road Refunding	Series 2020 Park	Totals
2.00% - 4.00%	2.00% - 4.00%	1%	
3/1; 9/1	3/1; 9/1	3/1; 9/1	
9/1/21 -	9/1/21 -	9/1/21 -	
9/1/37	9/1/37	9/1/30	
\$ -	\$ -	\$ -	\$ 96,610,000
11,605,000	9,390,000	9,300,000	38,915,000
			(20,495,000)
			(6,720,000)
<u>\$ 11,605,000</u>	<u>\$ 9,390,000</u>	<u>\$ 9,300,000</u>	<u>\$ 108,310,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,878,190</u>

Fort Bend County Levee Improvement District No. 15
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	\$ 2,138,751	\$ 2,321,370	\$ 2,444,478	\$ 1,317,910	\$ 771,121
Penalties and interest	3,028				
Miscellaneous	13,963	20,400	20,200	75,623	22,500
FEMA grant	28,470	97,783			
Investment earnings	27,609	65,245	33,886	12,397	4,554
Total Revenues	<u>2,211,821</u>	<u>2,504,798</u>	<u>2,498,564</u>	<u>1,405,930</u>	<u>798,175</u>
Expenditures					
Operations and administrative					
Professional fees	217,176	357,518	312,065	255,830	250,213
Contracted services	148,474	177,856	126,716	212,857	135,079
Repairs and maintenance	1,180,706	1,000,935	915,221	777,104	393,071
Utilities	18,545	27,721	28,469	2,143	
Administrative	95,590	79,760	53,926	48,044	43,971
Other	76,319	72,340	60,472	57,935	26,075
Capital outlay		332,327	984,201		
Total Expenditures	<u>1,736,810</u>	<u>2,048,457</u>	<u>2,481,070</u>	<u>1,353,913</u>	<u>848,409</u>
Revenues Over (Under) Expenditures	<u>\$ 475,011</u>	<u>\$ 456,341</u>	<u>\$ 17,494</u>	<u>\$ 52,017</u>	<u>\$ (50,234)</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
97%	92%	98%	94%	96%
*				
1%	1%	1%	5%	3%
1%	4%			
1%	3%	1%	1%	1%
100%	100%	100%	100%	100%
10%	14%	12%	18%	31%
7%	7%	5%	15%	17%
53%	40%	37%	55%	49%
1%	1%	1%	*	
4%	3%	2%	3%	6%
3%	3%	2%	4%	3%
	13%	39%		
78%	81%	98%	95%	106%
22%	19%	2%	5%	(6%)

Fort Bend County Levee Improvement District No. 15
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	\$ 9,196,735	\$ 9,676,333	\$ 9,611,615	\$ 9,379,271	\$ 7,464,662
Penalties and interest	54,063	90,147	54,646	74,750	39,510
Accrued interest on bonds sold				61,162	52,357
Miscellaneous	9,400	75	150	25	125
Investment earnings	111,755	325,221	202,367	68,271	22,525
Total Revenues	<u>9,371,953</u>	<u>10,091,776</u>	<u>9,868,778</u>	<u>9,583,479</u>	<u>7,579,179</u>
Expenditures					
Tax collection services	98,610	196,006	159,294	148,832	106,616
Other	10,910	1,000	25,000	15,000	2,500
Debt service					
Principal	6,720,000	6,635,000	5,820,000	2,735,000	3,090,000
Interest and fees	3,436,534	3,297,884	3,297,054	2,922,299	2,781,495
Debt issuance costs	684,564			174,759	279,461
Payment to refunded bond escrow agent				63,000	
Total Expenditures	<u>10,950,618</u>	<u>10,129,890</u>	<u>9,301,348</u>	<u>6,058,890</u>	<u>6,260,072</u>
Revenues Over (Under) Expenditures	<u>\$ (1,578,665)</u>	<u>\$ (38,114)</u>	<u>\$ 567,430</u>	<u>\$ 3,524,589</u>	<u>\$ 1,319,107</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
98%	96%	97%	97%	98%
1%	1%	1%	1%	1%
			1%	1%
*	*	*	*	*
1%	3%	2%	1%	*
100%	100%	100%	100%	100%
1%	2%	2%	2%	1%
*	*	*	*	*
72%	66%	59%	29%	41%
37%	33%	33%	30%	37%
7%			2%	4%
			1%	
117%	101%	94%	64%	83%
(17%)	(1%)	6%	36%	17%

**Fort Bend County Levee Improvement District No. 15
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 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): December 19, 2018

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

(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Rohit Sankholkar	11/18 to 05/22	\$ 4,650	\$ 913	President
Jeffrey Anderson	12/18 to 05/22	6,300		Vice President/ Assistant Secretary
Girish Misra	11/18 to 05/20	3,000		Secretary
Darrell Groves	11/18 to 05/20	3,750		Assistant Vice President
Premal Shah	12/18 to 06/20	600		Former Director
Consultants				
The Muller Law Group, PLLC	2014	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 171,774		
<i>Bond counsel</i>		628,350		
<i>Total</i>		800,124		
Schwartz, Page & Harding, L.L.P	2021			Attorney
Levee Management Services, LLC	2012	195,178		Operator
Municipal Accounts & Consulting, L.P.	2020	17,584		Bookkeeper/Accounting
Avanta Services	2004	37,683		Former Bookkeeper
Fort Bend County Tax Office	2020			Tax Collector

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

**Fort Bend County Levee Improvement District No. 15
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2020**

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Consultants (continued)				
Esther Flores, RTA Tax Tech	2003	45,184		Former Tax Collector
Fort Bend Central Appraisal District	Legislation	68,893		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2004	4,098		Delinquent Tax Attorney
Costello, Inc.	2000			Engineer
<i>Amount paid directly by district</i>		243,394		
<i>Amount paid from developer reimbursements</i>		485,463		
<i>Total</i>		728,857		
McGrath & Co., PLLC	2013	35,500		Auditor
Masterson Advisors, LLC	2018	482,531		Financial Advisor
TBG Partners	2008			Landscape Architect
<i>Amount paid directly by district</i>		1,580		
<i>Amount paid from developer reimbursements</i>		520,708		
		522,288		

See accompanying auditors' report.