

**OFFICIAL STATEMENT DATED JUNE 21, 2021**

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 144 AND 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" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

*THE BONDS HAVE **NOT** BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."*

BOOK ENTRY ONLY

Insured Ratings (AGM): S&P "AA" (stable outlook)  
Moody's "A2" (stable outlook)  
Underlying Rating: Moody's "Baa1"  
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
*(A political subdivision of the State of Texas located within Fort Bend County)*

**\$4,380,000**  
**UNLIMITED TAX BONDS**  
**SERIES 2021A**

**\$3,840,000**  
**UNLIMITED TAX PARK BONDS**  
**SERIES 2021B**

**Interest accrues from: July 1, 2021**

**Due: April 1, as shown below**

The \$4,380,000 Unlimited Tax Bonds, Series 2021A (the "Series 2021A Bonds") and the \$3,840,000 Unlimited Tax Park Bonds, Series 2021B (the "Series 2021B Park Bonds") (collectively referred to herein as the "Bonds") are being issued by Fort Bend County Municipal Utility District No. 144 (the "District"). Principal of the Bonds will be payable at maturity or upon prior redemption at the principal payment office of the Paying Agent/Registrar, initially, Regions Bank, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will accrue from July 1, 2021 and will be payable on October 1 and April 1 of each year commencing October 1, 2021, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds will be subject to redemption prior to their maturity, as shown below. See "THE BONDS."

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."



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies (collectively, the "Policy") to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE" herein.

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**See "MATURITY SCHEDULES" on the inside cover.**

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The Bonds, when issued, will constitute valid and legally binding obligations of 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 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 Rosenberg, the City of Richmond 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. Delivery of the Bonds in book-entry form through DTC is expected on or about July 22, 2021.

## MATURITY SCHEDULES

### \$4,380,000 SERIES 2021A BONDS

Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2022	\$ 115,000	3.00 %	0.35 %	34681N KG8	2026	130,000	3.00 %	1.00 %	34681N KL7
2023	115,000	2.00	0.50	34681N KH6	2027	135,000	3.00	1.10	34681N KM5
2024	120,000	3.00	0.70	34681N KJ2	2028	140,000 (b)	1.00	1.30	34681N KN3
2025	125,000	3.00	0.85	34681N KK9	2029	145,000 (b)	1.25	1.50	34681N KP8
	\$315,000	Term Bonds due April 1, 2031 (a), 34681N KR4					(b), 1.500% Interest Rate, 1.70% Yield (c)		
	\$340,000	Term Bonds due April 1, 2033 (a), 34681N KT0					(b), 2.000% Interest Rate, 1.85% Yield (c)		
	\$365,000	Term Bonds due April 1, 2035 (a), 34681N KV5					(b), 2.000% Interest Rate, 2.05% Yield (c)		
	\$395,000	Term Bonds due April 1, 2037 (a), 34681N KX1					(b), 2.000% Interest Rate, 2.20% Yield (c)		
	\$430,000	Term Bonds due April 1, 2039 (a), 34681N KZ6					(b), 2.000% Interest Rate, 2.25% Yield (c)		
	\$465,000	Term Bonds due April 1, 2041 (a), 34681N LB8					(b), 2.125% Interest Rate, 2.35% Yield (c)		
	\$1,045,000	Term Bonds due April 1, 2045 (a), 34681N LF9					(b), 2.250% Interest Rate, 2.40% Yield (c)		

### \$3,840,000 SERIES 2021B PARK BONDS

Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (April 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2022	\$ 95,000	2.00 %	0.35 %	34681N LG7	2026	115,000	3.00 %	1.00 %	34681N LL6
2023	100,000	2.00	0.50	34681N LH5	2027	120,000	3.00	1.10	34681N LM4
2024	105,000	2.00	0.70	34681N LJ1	2028	125,000 (c)	1.00	1.30	34681N LN2
2025	110,000	2.00	0.85	34681N LK8	2029	130,000 (c)	1.25	1.50	34681N LP7
	\$275,000	Term Bonds due April 1, 2031 (a), 34681N LR3					(b), 2.000% Interest Rate, 1.65% Yield (c)		
	\$295,000	Term Bonds due April 1, 2033 (a), 34681N LT9					(b), 2.000% Interest Rate, 1.85% Yield (c)		
	\$320,000	Term Bonds due April 1, 2035 (a), 34681N LV4					(b), 2.000% Interest Rate, 2.05% Yield (c)		
	\$345,000	Term Bonds due April 1, 2037 (a), 34681N LX0					(b), 2.000% Interest Rate, 2.20% Yield (c)		
	\$375,000	Term Bonds due April 1, 2039 (a), 34681N LZ5					(b), 2.000% Interest Rate, 2.25% Yield (c)		
	\$410,000	Term Bonds due April 1, 2041 (a), 34681N MB7					(b), 2.125% Interest Rate, 2.35% Yield (c)		
	\$920,000	Term Bonds due April 1, 2045 (a), 34681N MF8					(b), 2.250% Interest Rate, 2.40% Yield (c)		

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchasers for offers to the public and which subsequently may be changed.
- (b) The Bonds maturing on or after April 1, 2028 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on April 1, 2027, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption Provisions."
- (c) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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### USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations 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., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas, 77056, for further information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for 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 Initial Purchasers (as herein defined) and thereafter only as specified in “PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement.”

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

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

## OFFICIAL STATEMENT SUMMARY

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

### 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.

*Impact...*

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

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

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

### EXTREME WEATHER EVENTS; HURRICANE HARVEY

*General...*

The greater Houston area, including the District, is subject to the possibility of 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.

*Impact...*

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Engineer, there was no interruption of water and sewer service to the District by the City of Rosenberg as a result of Hurricane Harvey and the water, sewer and drainage facilities serving the District did not sustain any material damage from Hurricane Harvey. To the knowledge of the District, no homes within the District experienced structural flooding or other damage as a result of Hurricane Harvey.

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

## THE FINANCING

<i>The Issuer...</i>	Fort Bend County Municipal Utility District No. 144 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
<i>The Issue...</i>	\$4,380,000 Unlimited Tax Bonds, Series 2021A (the “Series 2021A Bonds”) and the \$3,840,000 Unlimited Tax Park Bonds, Series 2021B (the “Series 2021B Park Bonds”) (collectively referred to herein as the “Bonds”). The Series 2021A Bonds mature serially on April 1 in each of the years 2022 through 2029, both inclusive, and as term bonds on April 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041, and 2045 (the “Series 2021A Term Bonds”) and the Series 2021B Park Bonds mature serially on April 1 in each of the years 2022 through 2029, both inclusive, and as term bonds on April 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041, and 2045 (the “Series 2021B Park Term Bonds”) in the respective amounts and accrue interest at the respective rates shown on the inside cover page hereof. The Series 2021A Term Bonds and the Series 2021B Park Term Bonds are collectively referred to herein as the “Term Bonds.” Interest on the Bonds will accrue from July 1, 2021 and will be payable on October 1 and April 1 of each year commencing October 1, 2021, until maturity or prior redemption. Bonds maturing on or after April 1, 2028 are subject to optional redemption, in whole or, from time to time in part, on April 1, 2027, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple thereof. The Series 2021A Term Bonds and Series 2021B Park Term Bonds also are subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS.”
<i>Book-Entry-Only...</i>	The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Authority for Issuance...</i>	At elections held within the District on May 15, 2004, May 7, 2005, and September 10, 2005, voters authorized a total of \$54,010,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Series 2021A Bonds are the ninth installment of bonds issued under such authorization. At elections held within the District on May 15, 2004, May 7, 2005, and September 10, 2005, voters authorized a total of \$3,840,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Series 2021B Park Bonds are the first installment of bonds issued under such authorization. Following the issuance of the Bonds, the District will have \$17,600,000 in principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and no remaining authorization for recreational facilities. See “THE BONDS—Authority for Issuance” and “— Issuance of Additional Debt.”
<i>Source of Payment...</i>	The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE BONDS—Source and Security for Payment.”
<i>Series 2021A Bonds Use of Proceeds...</i>	The District sold a Bond Anticipation Note, Series 2020 (the “2020 WSD BAN”), the proceeds of which were used to reimburse the Developers (as defined herein) for a portion of the costs of financing (1) the construction and engineering of water, sanitary sewer, and drainage facilities to serve Summer Park, Section 3; (2) the construction and engineering of stormwater detention facilities to serve Summer Park Phase 2; (3) land acquisition costs; and (4) capital impact fees. Proceeds from the Series 2021A Bonds will be used to retire the 2020 WSD BAN, reimburse the Developers for the remaining portion of the costs of such projects, and finance certain other costs of providing water, sewer, and drainage services to the District. The Series 2021A Bond proceeds will also be used to pay certain costs related to the issuance of the Series 2021A Bonds. See “THE SYSTEM—Use and Distribution of Bond Proceeds.”

*Series 2021B Park Bonds  
Use of Proceeds...*

The District sold a Bond Anticipation Note, Series 2020A (the “2020A Park BAN”), the proceeds of which were used to reimburse the Developers (as defined herein) for a portion of the costs of financing (1) clearing and grubbing, drainage, and erosion control to serve Summer Park Phase 2; (2) Phase 1 Storm Water Detention Basin/Temporary Drainage Channel and Interim Channel Improvements to Gapps Slough; (3) storm water detention facility and outfalls for Summer Lakes; (4) Phase 1 storm water detention facility and outfall to serve Waterford Park; (5) detention basins for Summer Park, Sections 1 and 2 and Park Place Boulevard, Phase 1; (6) landscaping of Platonic Park; (7) Phase 2 landscaping and amenity improvements to serve Summer Lakes Development; and (8) land acquisition costs. Proceeds from the Series 2021B Park Bonds will be used to retire the 2020A Park BAN, reimburse the Developers for the remaining portion of the costs of such projects, and finance certain other costs of providing recreational facilities to the District. The Series 2021B Park Bond proceeds will also be used to pay certain costs related to the issuance of the Series 2021B Park Bonds. See “THE SYSTEM—Use and Distribution of Bond Proceeds.”

*Payment Record...*

The District has previously issued eight series of unlimited tax bonds and two series of unlimited tax refunding bonds, of which \$27,410,000 principal amount is currently outstanding (collectively the “Outstanding Bonds”). See “INVESTMENT CONSIDERATIONS—Future Debt.” The District has timely paid its debt service on the Outstanding Bonds.

*Not Qualified Tax-Exempt  
Obligations...*

The District has **not** designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS—Not Qualified Tax-Exempt Obligations.”

*Municipal Bond Insurance  
and Rating...*

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned municipal bond ratings of “AA” (stable outlook) and “A2” (stable outlook), respectively, to each issue of Bonds with the understanding that, upon delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. (“AGM” or the “Insurer”)for each series. Moody’s has also assigned an underlying rating of “Baa1” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”

*Legal Opinion...*

Schwartz, Page & Harding, L.L.P., Houston, Texas.

*Engineer...*

Edminster, Hinshaw, Russ and Associates, Inc., Houston, Texas.

*Financial Advisor...*

Masterson Advisors LLC, Houston, Texas.

*Disclosure Counsel...*

McCall, Parkhurst & Horton L.L.P., Houston, Texas.

*Paying Agent/Registrar...*

Regions Bank, Houston, Texas.

## THE DISTRICT

*Description...*

The District is a political subdivision of the State of Texas created by order of the Texas Commission on Environmental Quality (the “Commission”), effective March 10, 2004. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 557 acres of land. See “THE DISTRICT.”

*Location...* The District is located in central Fort Bend County, approximately 5 miles east of the central business district of the City of Rosenberg and approximately 32 miles southwest of the central business district of the City of Houston. The District is bounded on the north by FM 762 and US Highway 59, on the west by Spacek Road, on the south by Reading Road and Agnes Lane, and on the east by Benton Road. The majority of the land in the District is located within the corporate limits of the City of Rosenberg, however, approximately 35 acres within the District is within the extraterritorial jurisdiction of the City of Richmond. The District is located entirely within the boundaries of the Lamar Consolidated Independent School District. See “THE DISTRICT” and “AERIAL PHOTOGRAPH.”

*Status of Development...* Approximately 311 acres have been developed into the single-family subdivisions of Summer Lakes, Sections 1 through 12 and Summer Park, Sections 1 through 3 which encompass 1,336 lots. As of March 29, 2021 there were 1,182 homes completed, 55 homes under construction and 99 vacant lots. Gehan Homes, Ashton Woods Homes, HistoryMaker Homes, and CastleRock Communities are building homes in the District at prices ranging from approximately \$259,900 to \$441,400.

The Waterford at Summer Park, a 150 unit apartment complex, has been constructed on approximately 10 acres. As of April 15, 2021, the complex was 97% occupied. The Springs at Summer Park, a 225 unit apartment complex, has been constructed on approximately 16 acres. As of April 15, 2021, the complex was approximately 89% occupied.

Commercial development in the District includes a daycare facility, the Summer Lakes Self-Storage Facility, a Prosperity Bank, a retail center, a CVS Pharmacy, a Christian Brothers Automotive, an O’Reilly Auto Parts and a service station and convenience store with restaurant on a total of approximately 13 acres. A Holiday Inn Express hotel is currently under construction on approximately 2 acres and a retail center is currently under construction on approximately 2 acres. There are also 35 acres of land for which the impact fees have been paid, but which have no above-ground improvements.

The City of Rosenberg has constructed a fire station on approximately 2 acres of land. The Lamar Consolidated Independent School District has constructed an elementary school on approximately 14 acres of land. Both sites are exempt from ad valorem taxation.

There are approximately 53 acres that remain to be developed and approximately 99 acres that are used for detention, recreation areas, plant sites or are undevelopable.

*The Developers...* The developer of Summer Lakes, Sections 1 through 7 and 9 was Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar”) (successor by merger to Summer Creek Development, Ltd., a Texas limited partnership).

CL Waterford, LLC (“CL Waterford”) has developed Summer Park, Sections 1 and 2 and Park Place Boulevard, Phases 1 and 2.

In February 2018, Forestar, CL Waterford and Starwood Land, L.P., a Delaware limited partnership (“Starwood Land”) entered into an Agreement of Purchase and Sale for all of the land and lots that Forestar and CL Waterford owned in the District, along with the outstanding reimbursements owed to Forestar and CL Waterford. Pursuant to such Agreement, Forestar and CL Waterford conveyed the land and lots to TF Summer Lakes, L.P. and TF Summer Park L.P., each a Delaware limited partnership and related entity to Starwood Land. Starwood Land, TF Summer Lakes, L.P. and TF Summer Park L.P. are collectively referred to as the “Developers” or “Starwood.” See “THE DEVELOPERS.”

## INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special risk factors 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.....	\$351,823,694	(a)
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$413,041,704	(b)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	\$35,630,000	(c)
Estimated Overlapping Debt .....	<u>28,937,720</u>	(d)
Total Gross Direct Debt and Estimated Overlapping Debt .....	\$64,567,720	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation.....	10.13%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation.....	18.35%	
Ratio of Gross Direct Debt to:		
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	8.63%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	15.63%	
Operating Funds Available as of June 1, 2021 .....	\$726,197	
Capital Projects Funds Available as of June 1, 2021.....	\$226,712	
Debt Service Funds Available as of June 1, 2021 .....	\$2,722,337	(e)
2020 Debt Service Tax Rate.....	\$0.68	
2020 Maintenance Tax Rate.....	<u>0.11</u>	
2020 Total Tax Rate.....	\$0.79	
Average Annual Debt Service Requirement (2022-2045).....	\$1,961,603	(f)
Maximum Annual Debt Service Requirement (2030).....	\$2,453,306	(f)
Tax Rate Required to Pay Average Annual Debt Service (2022-2045) at a 95% Collection Rate:		
Based upon 2020 Certified Taxable Assessed Valuation .....	\$0.59	
Tax Rate Required to Pay Maximum Annual Debt Service (2030) at a 95% Collection Rate:		
Based upon 2020 Certified Taxable Assessed Valuation .....	\$0.74	
Tax Rate Required to Pay Average Annual Debt Service (2022-2045) at a 95% Collection Rate:		
Based upon Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$0.50	
Tax Rate Required to Pay Maximum Annual Debt Service (2030) at a 95% Collection Rate:		
Based upon Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$0.63	
Status of Development as of March 29, 2021:		
Completed Single Family Homes.....	1,182	
Builder Connections .....	55	
Vacant Developed Lots .....	99	
Apartment Units .....	375	
Estimated Population .....	4,887	(g)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable appraised value within the District on April 1, 2021. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
- (c) After the issuance of the Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
- (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (e) Accrued interest on the Bonds from their dated date to the date of delivery will be deposited to the Bond Fund. Neither Texas law nor the Bond Orders (as defined herein) require the District to maintain any minimum balance in the Bond Fund.
- (f) See "DEBT SERVICE REQUIREMENTS."
- (g) Based upon 3.5 persons per occupied single-family residence and 2 persons per apartment unit.



## OFFICIAL STATEMENT

### **FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 144** *(A political subdivision of the State of Texas located within Fort Bend County)*

**\$4,380,000**  
**UNLIMITED TAX BONDS**  
**SERIES 2021A**

**\$3,840,000**  
**UNLIMITED TAX PARK BONDS**  
**SERIES 2021B**

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 144 (the "District") of its \$4,380,000 Unlimited Tax Bonds, Series 2021A (the "Series 2021A Bonds") and the \$3,840,000 Unlimited Tax Park Bonds, Series 2021B (the "Series 2021B Park Bonds") (collectively referred herein as the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, separate orders authorizing, respectively, the issuance of the Series 2021A Bonds and the Series 2021B Park Bonds (collectively, the "Bond Orders") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") and elections held within the District.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District and the Developers in 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.

## 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 Orders, copies of which are available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Orders authorize 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 July 1, 2021, with interest payable on October 1, 2021, and on each April 1 and October 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from July 1, 2021, and thereafter, from the most recent Interest Payment Date. The Bonds mature on April 1 of the years and in the amounts shown under "MATURITY SCHEDULE" on the inside 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.

### **Authority for Issuance**

At elections held within the District on May 15, 2004, May 7, 2005, and September 10, 2005, voters authorized a total of \$54,010,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Series 2021A Bonds are the ninth installment of bonds issued under such authorization. At elections held within the District on May 15, 2004, May 7, 2005 and September 10, 2005, voters authorized a total of \$3,840,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Series 2021B Park Bonds are the first installment of bonds issued under such authorization. Following the issuance of the Bonds, the District will have \$17,600,000 in principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and no remaining authorization for recreational facilities. See "Financing Recreational Facilities" below. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Orders; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an order of the Commission dated April 19, 2021.

**Source and Security for Payment**

The Bonds, together with the Outstanding Bonds (as defined herein) 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 "TAXING 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 Rosenberg, the City of Richmond, Fort Bend County, the State of Texas, or any political subdivision or entity other than the District.

**Funds**

The Bond Orders confirm the establishment of the District's Construction Fund and the District's Bond Fund (the "Bond Fund") created and established pursuant to the orders of the District authorizing the issuance of the Outstanding Bonds. Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Bond Fund. A portion of the proceeds from the sale of the Series 2021A Bonds will be used to retire the District's Bond Anticipation Note, Series 2020 (the "2020 WSD BAN"). A portion of the proceeds from the sale of the Series 2021B Park Bonds will be used to retire the District's Bond Anticipation Note, Series 2020A (the "2020A Park BAN"). All remaining proceeds of the Bonds will be deposited in the Construction Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Outstanding Bonds, the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds, the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

**Record Date**

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

**Redemption Provisions**

*Mandatory Redemption of the Series 2021A Term Bonds:* The Series 2021A Bonds maturing on April 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041 and 2045 (the "Series 2021A Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on April 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

<b>\$315,000 Term Bonds</b>		<b>\$340,000 Term Bonds</b>		<b>\$365,000 Term Bonds</b>	
<b>Due April 1, 2031</b>		<b>Due April 1, 2033</b>		<b>Due April 1, 2035</b>	
<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>
<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>
2030	\$ 155,000	2032	\$ 165,000	2034	\$ 180,000
2031 (maturity)	160,000	2033 (maturity)	175,000	2035 (maturity)	185,000
<b>\$395,000 Term Bonds</b>		<b>\$430,000 Term Bonds</b>		<b>\$465,000 Term Bonds</b>	
<b>Due April 1, 2037</b>		<b>Due April 1, 2039</b>		<b>Due April 1, 2041</b>	
<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>
<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>
2036	\$ 195,000	2038	\$ 210,000	2040	\$ 230,000
2037 (maturity)	200,000	2039 (maturity)	220,000	2041 (maturity)	235,000
<b>\$1,045,000 Term Bonds</b>		<b>\$1,045,000 Term Bonds</b>		<b>\$1,045,000 Term Bonds</b>	
<b>Due April 1, 2045</b>		<b>Due April 1, 2045</b>		<b>Due April 1, 2045</b>	
<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>	<b>Mandatory</b>	<b>Principal</b>
<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>	<b>Redemption Date</b>	<b>Amount</b>
2042	\$ 245,000	2042	\$ 245,000	2042	\$ 245,000
2043	255,000	2043	255,000	2043	255,000
2044	265,000	2044	265,000	2044	265,000
2045 (maturity)	280,000	2045 (maturity)	280,000	2045 (maturity)	280,000

*Mandatory Redemption of the Series 2021B Park Term Bonds:* The Series 2021B Park Bonds maturing on April 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041 and 2045 (the “Series 2021B Park Term Bonds,” and together with the Series 2021A Term Bonds, collectively, the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the Redemption Date, on April 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

<b>\$275,000 Term Bonds</b>		<b>\$295,000 Term Bonds</b>		<b>\$320,000 Term Bonds</b>	
<b>Due April 1, 2031</b>		<b>Due April 1, 2033</b>		<b>Due April 1, 2035</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2030	\$ 135,000	2032	\$ 145,000	2034	\$ 155,000
2031 (maturity)	140,000	2033 (maturity)	150,000	2035 (maturity)	165,000

<b>\$345,000 Term Bonds</b>		<b>\$375,000 Term Bonds</b>		<b>\$410,000 Term Bonds</b>	
<b>Due April 1, 2037</b>		<b>Due April 1, 2039</b>		<b>Due April 1, 2041</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2036	\$ 170,000	2038	\$ 185,000	2040	\$ 200,000
2037 (maturity)	175,000	2039 (maturity)	190,000	2041 (maturity)	210,000

<b>\$920,000 Term Bonds</b>	
<b>Due April 1, 2045</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2042	\$ 215,000
2043	225,000
2044	235,000
2045 (maturity)	245,000

Notice of the mandatory redemption of the Term Bonds will be provided at least thirty (30) calendar days prior to the Redemption Date, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY-SYSTEM.”

*Optional Redemption:* The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on and after April 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on April 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the Redemption Date. If fewer than all of the Bonds are to be redeemed, the particular series and maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Serial Bonds of the same series and maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY SYSTEM.” If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Orders.

*Effects of Redemption:* By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Term 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 (hereafter defined) to collect interest which would otherwise accrue after the Redemption Date on any Bond or portion thereof called for redemption shall terminate on the Redemption Date.

### **Method of Payment of Principal and Interest**

The Board has appointed Regions Bank, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. 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."

### **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 on behalf of the District registry books (the "Register") reflecting the names and addresses of the Registered Owners and the principal amounts, maturities, and certain other information relative to the Bonds registered in the names of the Registered Owners.

### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Orders 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 organization 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.

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

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

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

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

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

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

### **Issuance of Additional Debt**

The District's voters have authorized the issuance of a total of \$54,010,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. Following the issuance of the Series 2021A Bonds, the District will have \$17,600,000 in principal amount of unlimited tax bonds authorized but unissued for said facilities. The District's voters have also authorized issuance of a total of \$3,840,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. Following the issuance of the Series 2021B Park Bonds, the District will have no remaining authorized but unissued bonds for said facilities. See "Financing Recreational Facilities" below. The District's voters have also authorized a total of \$57,850,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. The District currently has \$57,180,000 in principal amount of unlimited tax refunding bonds authorized but unissued. The Bond Orders impose 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.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Commission; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

### **Financing Road Facilities**

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the Commission, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the Commission for "road powers" or calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

### **Financing Recreational Facilities**

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the Commission in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election.

In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At elections held within the District on May 15, 2004, May 7, 2005, and September 10, 2005, voters of the District authorized a total of \$3,840,000 in principal amount of unlimited tax bonds for financing and constructing recreational facilities and authorized a maintenance tax not to exceed \$0.10 per each \$100 of assessed valuation specifically for maintenance of recreational facilities. The District could authorize additional amounts of unlimited tax bonds for financing and constructing recreational facilities. Following the issuance of the Series 2021B Park Bonds, the District will have no remaining authorized but unissued bonds for said facilities.

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

### **Annexation; Dissolution of District**

A total of 521.69 acres of land in the District is located within the corporate limits of the City of Rosenberg and the remaining 35.46 acres of land in the District is located within the extraterritorial jurisdiction of the City of Richmond. The District makes no representation as to whether or when either: (i) the City of Richmond may annex the District, or (ii) the City of Rosenberg may dissolve the District. Moreover, no representation is made concerning the ability of the City of Richmond or the City of Rosenberg to make debt service payments should such annexation or dissolution occur. See "THE DISTRICT—Utility Agreement with the City of Rosenberg."

### **Consolidation**

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of the same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

## **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 Orders, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, 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 Orders. Except for mandamus, the Bond Orders do 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—Registered Owners’ Remedies” and “—Bankruptcy Limitation to Registered Owners’ Rights.”

## **Defeasance**

The Bond Orders provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) 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, provision must have been made for giving notice of redemption as provided in the Bond Orders.

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 Orders do not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

## BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds 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 for each series and maturity of the Bonds, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 Initial Purchasers take any responsibility for the accuracy thereof.

## THE DISTRICT

### **General**

The District is a municipal utility district created by an order of the Commission, effective March 10, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District is subject to the continuing supervisory jurisdiction of the Commission. A total of 521.69 acres of land in the District is within the corporate limits of the City of Rosenberg and 35.46 acres of land in the District is within the extraterritorial jurisdiction of the City of Richmond.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to the granting of road powers by the Commission and certain limitations, develop and finance roads. See "THE BONDS—Issuance of Additional Debt" and "Financing Recreational Facilities" and "Financing Road Facilities."

The District is required to observe certain requirements of the City of Rosenberg which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage facilities and other facilities allowed by law, such as recreational facilities, road facilities, and for the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Rosenberg of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Rosenberg and filed in the real property records of Fort Bend County. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."



## **Description and Location**

The District is located in central Fort Bend County partially within the corporate limits of the City of Rosenberg and partially within the extraterritorial jurisdiction of the City of Richmond as described above, approximately 5 miles east of the central business district of the City of Rosenberg and approximately 32 miles southwest of the central business district of the City of Houston. The District is bounded on the north by FM 762 and US Highway 59, on the west by Spacek Road, on the south by Reading Road and Agnes Lane, and on the east by Benton Road. The District is located entirely within the boundaries of the Lamar Consolidated Independent School District. See “AERIAL PHOTOGRAPH.”

## **Residential Development**

Approximately 311 acres have been developed into the single-family subdivisions of Summer Lakes, Sections 1 through 12 and Summer Park, Sections 1 through 3 which encompass 1,336 lots. As of March 29, 2021, there were 1,182 homes completed, 55 homes under construction and 99 vacant lots.

## **Homebuilding Program**

Gehan Homes, Ashton Woods Homes, HistoryMaker Homes, and CastleRock Communities are building homes in the District at prices ranging from approximately \$259,900 to \$441,400.

## **Commercial Development**

Commercial development in the District includes a daycare facility, the Summer Lakes Self-Storage Facility, a Prosperity Bank, a retail center, a CVS Pharmacy, a Christian Brothers Automotive, an O’Reilly Auto Parts and a service station and convenience store with restaurant on a total of approximately 13 acres. A Holiday Inn Express hotel is currently under construction on approximately 2 acres and a retail center is currently under construction on approximately 2 acres. There are also 35 acres of land for which the impact fees have been paid, but which have no above-ground improvements.

## **Multi-Family Development**

The Waterford at Summer Park, a 150 unit apartment complex, has been constructed on approximately 10 acres. As of April 15, 2021 the complex was approximately 97% occupied. The Springs at Summer Park, a 225 unit apartment complex, has been constructed on approximately 16 acres. As of April 15, 2021 the complex was approximately 89% occupied.

## **Other Development**

The City of Rosenberg has constructed a fire station on approximately 2 acres and Lamar Consolidated Independent School District has constructed an elementary school on approximately 14 acres. Both sites are exempt from ad valorem taxation.

## **Undeveloped Acreage**

There are approximately 53 acres that remain to be developed and approximately 99 acres that are used for detention, recreation areas, or plant sites or that are undevelopable.

## **Utility Agreement with the City of Rosenberg**

The District has contracted with the City of Rosenberg, Texas (referred to in this section as the “City”), for water supply and wastewater services to serve that portion of the District located within the corporate limits of the City pursuant to that certain Water Supply and Wastewater Services Contract. The District has also contracted with the City for water supply and wastewater services to serve the 35.46-acre portion of the District located outside the corporate limits of the City.

Pursuant to the Utility Agreement, the District is responsible for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, water distribution, wastewater collection and drainage facilities to serve development occurring within the boundaries of the District (the “Facilities”), and the City agrees to provide water supply services and wastewater services to the District in consideration of the District's financing, acquisition, and construction of the Facilities. Under the terms of the Utility Agreement, the District is deemed to be the alter ego of the City and as such the District agrees to act as the alter ego of the City for purposes of financing, constructing and acquiring the Facilities and agrees to perform the duties and functions necessary to provide services to the landowners and customers of the District.

The Facilities: The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City's requirements and criteria. The City agrees to provide the District with its ultimate requirements for water supply capacity and major offsite water distribution lines to the water source and wastewater treatment capacity and major offsite wastewater trunk collection line capacity to the wastewater treatment plant.

Authority of District to Issue Bonds: The District has the authority to issue, sell, and deliver bonds as permitted by law and the City's Procedures for the Creation of In-City Municipal Utility Districts. Bonds issued by the District are obligations solely of the District and shall not be construed to be obligations or indebtedness of the City.

Ownership, Operation, and Maintenance of the Facilities: Upon completion of construction of the Facilities, the District agrees to convey the Facilities (other than storm water detention systems as discussed below) to the City, reserving for itself a security interest in the Facilities for the purpose of securing the performance of the City under the Utility Agreement. Pursuant to the terms of the Utility Agreement, storm water detention ponds and systems are to be operated and maintained by the homeowners' associations(s) within the District, although the District retains title to same. When all bonds issued by the District to acquire and construct the Facilities have been issued and subsequently paid or redeemed and discharged in full, the District agrees to execute a release of the security interest retained by the District and the City shall own the Facilities without encumbrance. As each phase of the Facilities is completed, the City agrees to inspect the same and upon approval will accept the Facilities for operation and maintenance. The Facilities will be operated and maintained by the City at its sole cost and expense. If the City determines that the Facilities or any portion thereof have not been constructed in accordance with approved plans and specifications prior to accepting such Facilities, the City agrees to notify the District, and the District shall immediately correct any deficiency noted by the City.

Rates for Service: With respect to the portion of the District located within the City, the City agrees to bill and collect from customers of the District such rates and charges for such customers as the City, in its sole discretion, determines are necessary, provided that the rates and charges will be equal and uniform to those charged to other similar users outside the District. With respect to the 35.36 acres located outside of the City, the District is responsible for reading customer meters and reporting retail customer usage to the City on a monthly basis, establishing and collecting retail fees, rates and charges for water supply and wastewater treatment service from the customers, and making payment to the City for water supply and wastewater treatment service to such customers at a rate that is 1.5 times the rate applicable to retail customers located within the City. The District has no active customers within said 35.46 acres at this time. The City may impose a charge for connection to the water supply portion of the Facilities at a rate determined by the City so long as that charge is equal to sums charged to other comparable users within the City.

Annual Payment: The City has agreed to make an annual payment (the "Annual Payment") to the District equal to the percentage of the City's ad valorem tax rate (per \$100) attributable to drainage facilities, multiplied by the assessed taxable value of the District in accordance with a formula set forth in the Utility Agreement. The Annual Payment is due and payable each February 1. The Annual Payments paid to the District have been deposited into the District's Operating Fund. See "OPERATING STATEMENT."

## MANAGEMENT OF THE DISTRICT

### Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms in May of even numbered years only. None of the Board members resides in the District; however, all of the members own land within the District, subject to a note and deed of trust in favor of a developer. The current members and officers of the Board, along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ted Teinert	President	May 2024
Ron G. Thomas	Vice President	May 2022
Jimmy T. Juhl	Secretary	May 2022
James McConn III	Assistant Secretary	May 2024
Scott Maham	Director	May 2024

The District has no full-time employees but instead contracts with the entities described below for professional services:

### Tax Assessor/Collector

Land and improvements in the District are being appraised for taxation by the Fort Bend Central Appraisal District. The District contracts with Wheeler & Associates, Inc. to act as Tax Assessor/Collector for the District.

### **Utility System Operator**

The City of Rosenberg operates and maintains the portion of the District's water and wastewater system which is located within the City of Rosenberg.

Municipal Operations and Consulting, Inc. operates and maintains facilities serving the 35.46 acres of the District which are not located in the City of Rosenberg.

### **Bookkeeper**

The District contracts with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services for the District.

### **Engineer**

Edminster, Hinshaw, Russ and Associates, Inc. (the "Engineer") provides consulting engineering services to the District.

### **Auditor**

The financial statements of the District as of February 29, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 29, 2020, audited financial statements. The District has engaged BKD, LLP to audit its financial statements as of February 28, 2021, and for the year then ended.

### **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 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.

### **Disclosure Counsel**

McCall, Parkhurst & Horton L.L.P., Houston, Texas ("Disclosure Counsel") has been engaged by the District to serve as disclosure counsel. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

### **Financial Advisor**

Masterson Advisors LLC ("Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

## **THE DEVELOPERS**

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 streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is generally required by the Commission to advance funds to pave streets (in areas where District facilities are being financed with bonds) and finance the construction of the water, wastewater and storm drainage facilities, such advances to be reimbursed (except for paving costs) from the sale of District bonds to the extent allowed by the Commission, 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.

### **Forestar (USA) Real Estate Group, Inc.**

The developer of Summer Lakes, Sections 1 through 7 and 9 was Forestar (USA) Real Estate Group, Inc. ("Forestar") a Delaware corporation (successor by merger to Summer Creek Development, Ltd., a Texas limited partnership). Forestar sold its property in the District as described below and no longer owns any land in the District.

## **CL Waterford LLC**

CL Waterford LLC, a Texas limited liability company, developed Summer Park, Sections 1 and 2. CL Waterford LLC sold its property in the District as described below and no longer owns any land in the District.

## **Starwood Entities**

In February 2018, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar”), CL Waterford, LLC (“CL Waterford”) and Starwood Land, L. P., a Delaware limited partnership (“Starwood Land”) entered into an Agreement of Purchase and Sale for all of the land and lots that Forestar and CL Waterford owned in the District, along with the outstanding reimbursements owed to Forestar and CL Waterford. Pursuant to such Agreement, Forestar and CL Waterford conveyed the land and lots to TF Summer Lakes, L.P. and TF Summer Park L.P., each a Delaware limited partnership and related entity to Starwood Land. Starwood Land, TF Summer Lakes, L.P. and TF Summer Park L.P. are collectively referred to as the “Developers” or “Starwood.” See “THE DEVELOPERS.”

Starwood has no legal commitment to the District or the Registered Owners or Beneficial Owners of the Bonds to continue development of land within the District, and Starwood may sell or otherwise dispose of its property within the District, or any other assets, at any time.

## **THE SYSTEM**

### **Regulation**

According to the Engineer, the District's water distribution, wastewater collection, and storm drainage facilities (collectively, the “System”) have been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage (in this instance, by the City of Rosenberg) is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Fort Bend County and, in some instances, the Commission. Fort Bend County, the City of Rosenberg, and the Texas Department of Health also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the District's Engineer.

### **Water Distribution and Sanitary Sewer Collection and Drainage System**

The System includes water, sanitary sewer and drainage facilities to serve the subdivisions and other development described under the sections “THE DISTRICT—Residential Development,” “—Commercial Development,” “—Multi Family Development” and “—Other Development.”

### **Water Supply**

The District receives potable water from the City of Rosenberg's water distribution system as outlined in the Utility Agreement. The District does not have wells or water plant facilities of its own. The City has allocated 2,700 equivalent single-family connections (“esfc”) of capacity to serve the District's ultimate water supply requirements. The City has provided 500 esfc to the District without the payment of impact fees. A portion of the proceeds of the Outstanding Bonds was used to purchase 159 esfc to serve the 35.46 acre tract within the District but outside the boundaries of the City of Rosenberg and to purchase an additional 1,233 esfc to serve the District within the City of Rosenberg's corporate limits. The District purchased an additional 290 esfc with the proceeds of the 2020 WSD BAN. The District currently has a beneficial interest and contract right under the Utility Agreement in 2,182 esfc out of said 2,700 esfc. See “THE DISTRICT—Utility Agreement with the City.”

### **Wastewater Treatment Facilities**

The District is served by a City of Rosenberg Wastewater Treatment Plant as outlined in the Utility Agreement. The District does not have wastewater treatment plant facilities of its own. The City has allocated 2,700 esfc to serve the District's ultimate wastewater treatment requirements. The City has provided 500 esfc to the District without the payment of impact fees. A portion of the proceeds of the Outstanding Bonds was used to purchase 159 esfc to serve the 35.46 acre tract within the District but outside the boundaries of the City of Rosenberg and to purchase an additional 1,233 esfc to serve the District within the City of Rosenberg's corporate limits. The District purchased an additional 290 esfc with the proceeds of the 2020 WSD BAN. The District currently has a beneficial interest and contract right under the Utility Agreement in 2,182 esfc out of said 2,700 esfc. See "THE DISTRICT—Utility Agreement with the City of Rosenberg."

### **Ownership, Operation, and Maintenance of Facilities**

The City of Rosenberg owns, operates, and maintains all water, sanitary sewer and storm drainage facilities within the District in accordance with the Utility Agreement, except for certain facilities which serve the 35.46 acres of land in the District but not located in the corporate limits of the City of Rosenberg and except for storm water detention facilities. See "THE DISTRICT—Utility Agreement with the City of Rosenberg."

### **Flood Plain**

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, no areas in the District are located within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events; Hurricane Harvey."

### **Atlas 14**

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

### **Storm-Water Drainage Facilities**

The District is located within the Gapps Slough watershed. Prior to development, surface drainage was accomplished by overhand flow and natural drainage ditches or wales that outfall into Gapps Slough. Gapps Slough is a Fort Bend County Flood Drainage District ("FBCCD") maintained channel. Conveyance of sheet flow runoff to the storm sewer is supplemented by a system of curb, gutter, and inlet street paving. The internal storm sewers have been designed to convey the runoff from a 2-year rainfall event with velocities ranging from three to six feet per second (fps). Internal outfall sewers have been designed to convey the runoff from a 100-year rainfall event to the detention basins with velocities ranging from three to six fps. The District contains storm water detention basins that have been designed in accordance with FBCCD and City standards. The basin systems have one (1) separate outfall location that ultimately discharges into Gapps Slough.

**Use and Distribution of Bond Proceeds**

The construction costs below were compiled by the District’s Engineer and were submitted to the Commission in the District’s bond application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District’s auditor.

*The Series 2021A Bonds*

The District sold a Bond Anticipation Note, Series 2020 (the “2020 WSD BAN”), the proceeds of which were used to reimburse the Developers for a portion of the costs of financing (1) the construction and engineering of water, sanitary sewer, and drainage facilities to serve Summer Park, Section 3; (2) the construction and engineering of stormwater detention facilities to serve Summer Park Phase 2; (3) land acquisition costs; and (4) capital impact fees. Proceeds from the Series 2021A Bonds will be used to retire the 2020 WSD BAN, reimburse the Developers for the remaining portion of the costs of such projects, and finance certain other costs of providing water, sewer, and drainage services to the District. The Series 2021A Bond proceeds will also be used to pay certain costs related to the issuance of the Series 2021A Bonds.

<b><u>CONSTRUCTION RELATED COSTS</u></b>	
Construction Costs Approved by the Commission.....	\$ 3,630,580
Accrued Interest on Construction Costs.....	188,102
<b>Total Construction Related Costs.....</b>	<b>\$ 3,818,682</b>
<b><u>NON-CONSTRUCTION COSTS</u></b>	
Underwriter's Discount.....	\$ 130,625
BAN Interest.....	71,400
<b>Total Nonconstruction Costs.....</b>	<b>\$ 202,025</b>
<b><u>ISSUANCE COSTS AND FEES</u></b>	
Issuance Costs and Professional Fees.....	\$ 308,553
Bond Application Report Costs.....	34,635
State Regulatory Fees.....	15,330
Contingency (a).....	775
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 359,293</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 4,380,000</b>

(a) Represents surplus funds resulting from the sale of the Bonds at a lower Underwriter’s Discount than estimated and can be used for purposes allowed and approved by the Commission.

The Series 2021B Park Bonds

The District sold a Bond Anticipation Note, Series 2020A (the "2020A Park BAN"), the proceeds of which were used to reimburse the Developers for a portion of the costs of financing (1) clearing and grubbing, drainage, and erosion control to serve Summer Park Phase 2; (2) Phase 1 Storm Water Detention Basin/Temporary Drainage Channel and Interim Channel Improvements to Gapps Slough; (3) storm water detention facility and outfalls for Summer Lakes; (4) Phase 1 storm water detention facility and outfall to serve Waterford Park; (5) detention basins for Summer Park, Sections 1 and 2 and Park Place Boulevard, Phase 1; (6) landscaping of Platonic Park; (7) Phase 2 landscaping and amenity improvements to serve Summer Lakes Development; and (8) land acquisition costs. Proceeds from the Series 2021B Park Bonds will be used to retire the 2020A Park BAN, reimburse the Developers for the remaining portion of the costs of such projects, and finance certain other costs of providing recreational facilities to the District. The Series 2021B Park Bond proceeds will also be used to pay certain costs related to the issuance of the Series 2021B Park Bonds.

<b><u>CONSTRUCTION RELATED COSTS</u></b>	
Construction Costs Approved by the Commission.....	\$ 2,883,049
Accrued Interest on Construction Costs.....	476,259
<b>Total Construction Related Costs.....</b>	<b>\$ 3,359,308</b>
<b><u>NON-CONSTRUCTION COSTS</u></b>	
Underwriter's Discount.....	\$ 112,435
BAN Interest.....	49,275
<b>Total Nonconstruction Costs.....</b>	<b>\$ 161,710</b>
<b><u>ISSUANCE COSTS AND FEES</u></b>	
Issuance Costs and Professional Fees.....	\$ 272,412
Bond Application Report Costs.....	30,365
State Regulatory Fees.....	13,440
Contingency (a).....	2,765
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 318,982</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 3,840,000</b>

(a) Represents surplus funds resulting from the sale of the Bonds at a lower Underwriter's Discount than estimated and can be used for purposes allowed and approved by the Commission.

In the instance that Commission-approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the Commission. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the Developers for the costs of the above-described facilities and redemption of the 2020 WSD BAN and 2020A Park BAN. However, the District cannot and does not guarantee the sufficiency of such funds for such purpose.

## OPERATING STATEMENT

### General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District.

### 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 District's audited financial statements for the fiscal years ended February 28/29, 2017 through 2020 and in the case of the unaudited summary for the fiscal year ended February 28, 2021, the District's bookkeeper. Reference is made to such records and statements for further and more complete information.

	Fiscal Year Ended February 28/29				
	2021 (a)	2020	2019	2018	2017
<b>Revenues</b>					
Property Taxes	\$ 358,496	\$ 319,122	\$ 275,715	\$ 276,293	\$ 245,627
City of Rosenberg Rebates	-	18,982	44,305	-	(c) 27,715
Investment Income	2,296	7,203	5,862	508	275
Other Income	56	1,138	364	-	-
<b>Total Revenues</b>	<b>\$ 360,848</b>	<b>\$ 346,445</b>	<b>\$ 326,246</b>	<b>\$ 276,801</b>	<b>\$ 273,617</b>
<b>Expenditures</b>					
Professional Fees	\$ 140,330	\$ 129,530	\$ 142,768	\$ 132,804	\$ 92,242
Contracted Services	11,574	21,113	22,244	22,669	18,635
Repairs and Maintenance	-	-	5,875	-	20,192
Other	22,414	38,440	32,094	41,815	26,375
Capital Outlay	-	597,535 (b)	-	-	-
<b>Total Expenditures</b>	<b>\$ 174,318</b>	<b>\$ 786,618</b>	<b>\$ 202,981</b>	<b>\$ 197,288</b>	<b>\$ 157,444</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 186,530</b>	<b>\$ (440,173)</b>	<b>\$ 123,265</b>	<b>\$ 79,513</b>	<b>\$ 116,173</b>
<b>Other Sources (Uses)</b>					
Developer Construction Advances	\$ -	\$ 597,535 (b)	-	\$ -	\$ -
<b>Total Other Financing Sources</b>	<b>\$ -</b>	<b>\$ 597,535</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 737,582</b>	<b>\$ 580,220</b>	<b>\$ 456,955</b>	<b>\$ 377,442</b>	<b>\$ 261,269</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 924,112</b>	<b>\$ 737,582</b>	<b>\$ 580,220</b>	<b>\$ 456,955</b>	<b>\$ 377,442</b>

(a) Unaudited. Provided by the District's bookkeeper.

(b) Represents developer advances for impact fees. A portion of such amount was reimbursed from proceeds of the District's Unlimited Tax Bonds, Series 2020.

(c) The District received a rebate from the City of Rosenberg in the amount of \$21,906 after year end.



## FINANCIAL STATEMENT

2020 Certified Taxable Assessed Valuation.....	\$351,823,694	(a)
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$413,041,704	(b)
 Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	 \$35,630,000	 (c)
Estimated Overlapping Debt .....	28,937,720	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$64,567,720	
 Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation.....	10.13%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation.....	18.35%	
 Ratio of Gross Direct Debt to:		
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	8.63%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
Estimated Taxable Assessed Valuation as of April 1, 2021 .....	15.63%	

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- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
  - (b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable appraised value within the District on April 1, 2021. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
  - (c) After the issuance of the Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
  - (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

**Cash and Investment Balances** (unaudited as of June 1, 2021)

Operating Fund	Cash and Temporary Investments	\$726,197
Capital Projects Fund	Cash and Temporary Investments	\$226,712
Debt Service Fund	Cash and Temporary Investments	\$2,722,337 (a)

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- (a) Accrued interest on the Bonds from their dated date to the date of delivery will be deposited to the Bond Fund. Neither Texas law nor the Bond Orders require the District to maintain any minimum balance in the Bond Fund.

**District Investment Policy**

The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

**Short Term Debt**

The District sold both its 2020 WSD BAN in the amount of \$2,856,000 and its 2020A Park BAN in the amount of \$1,634,000 on November 24, 2020, with maturity dates of November 23, 2021. The District will use Bond proceeds to redeem each of the BANs prior to maturity. Proceeds from each of the BANs were used to reimburse the Developers for certain costs as shown under "THE SYSTEM—Use and Distribution of Bond Proceeds" herein.

**Outstanding Bonds**

The District has previously issued a total of \$32,030,000 in principal amount of unlimited tax bonds in eight series for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. In addition, the District has issued \$7,425,000 in principal amount of unlimited tax refunding bonds in two series for the purpose of refunding outstanding bonds of the District. The District currently has \$27,410,000 principal amount of bonds outstanding (the “Outstanding Bonds”). The following table lists the original principal amount of the Outstanding Bonds and principal amount of the Outstanding Bonds.

Series	Original Principal Amount	Outstanding Bonds (as of 4/2/21)
Unlimited Tax Bonds, Series 2015	\$ 3,400,000	\$ 2,930,000
Unlimited Tax Refunding Bonds, Series 2015A	5,180,000	3,625,000
Unlimited Tax Bonds, Series 2016	5,000,000	4,405,000
Unlimited Tax Bonds, Series 2017	6,200,000	5,710,000
Unlimited Tax Bonds, Series 2018	3,380,000	3,125,000
Unlimited Tax Bonds, Series 2020	5,510,000	5,370,000
Unlimited Tax Refunding Bonds, Series 2021	2,245,000	2,245,000
<b>Total</b>	<b>\$ 30,915,000</b>	<b>\$ 27,410,000</b>

**ESTIMATED OVERLAPPING DEBT STATEMENT**

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 633,879,567	3/31/2021	0.46%	\$ 2,915,846
Fort Bend County Drainage District.....	25,405,000	3/31/2021	0.46%	116,863
City of Rosenberg.....	50,919,000	3/31/2021	11.33%	5,769,123
Lamar Consolidated ISD.....	1,112,480,000	3/31/2021	1.81%	20,135,888
Total Estimated Overlapping Debt.....				\$ 28,937,720
The District.....	35,630,000 (a)	Current	100.00%	35,630,000
Total Direct and Estimated Overlapping Debt...				\$ 64,567,720
Ratio of Estimated Direct and Overlapping Debt to 2020 Certified Taxable Assessed Valuation.....				18.35%
Ratio of Estimated Direct and Overlapping Debt to Estimated Taxable Assessed Valuation as of April 1, 2021.....				15.64%

(a) Includes the Bonds and the Outstanding Bonds.

**Overlapping Tax Rates for 2020**

	2020 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (a).....	\$ 0.453207
Lamar Consolidated ISD.....	1.269100
City of Rosenberg.....	<u>0.400000</u>
Total Overlapping Tax Rate.....	\$ 2.122307
 The District.....	 <u>0.790000</u>
Total Tax Rate.....	 \$ 2.912307

(a) Includes Fort Bend County Drainage District.

**TAX DATA**

**Tax Collections**

The following statement of tax collections set 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 such records for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of May 31, 2021	
				Amount	Percent
2016	\$ 202,235,978	\$ 0.80	\$ 1,617,888	\$1,617,530	99.98%
2017	230,062,583	0.80	1,840,501	1,840,082	99.98%
2018	251,372,331	0.79	1,985,837	1,985,641	99.99%
2019	291,997,696	0.79	2,304,323	2,294,824	99.59%
2020	351,823,694	0.79	2,771,573	2,726,091	98.36%

Taxes are due upon receipt of bill therefor and become delinquent after January 31 of the following year. No split payments are allowed and no discounts are allowed.

**Tax Rate Distribution**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Service	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68
Maintenance and Operations	0.11	0.11	0.11	0.12	0.12
Total	<u>\$ 0.79</u>	<u>\$ 0.79</u>	<u>\$ 0.79</u>	<u>\$ 0.80</u>	<u>\$ 0.80</u>

**Tax Rate Limitations**

Debt Service: Unlimited (no legal limit as to rate or amount).  
 Maintenance: \$1.00 per \$100 Assessed Valuation (water, sanitary sewer and drainage facilities)  
 \$0.10 per \$100 Assessed Valuation (recreational facilities)

**Debt Service Tax**

The Board will covenant in the Bond Orders to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax which when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on such debt. See “THE BONDS— Authority for Issuance.”

**Maintenance and Operations Taxes**

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. On May 15, 2004, voters in the District authorized the Board to levy such a maintenance tax in an amount not to exceed \$1.00 per \$100 assessed valuation for general maintenance purposes. The District levied such a maintenance tax for 2020 in the amount of \$0.11 per \$100 assessed valuation. At an election held on May 15, 2004 voters in the District authorized the Board to levy a maintenance tax in an amount not to exceed \$0.10 specifically to maintain recreational facilities. The District has not yet levied a tax specifically for the maintenance of recreational facilities. Both of said maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any additional unlimited tax bonds which may be issued in the future.

**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, which reflects ownership at January 1, 2020. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of April 1, 2021 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>
Continental 453 Fund LLC	Land, Improvements & Personal	\$ 25,201,550	7.16%
RRR Apartments Ltd.	Land, Improvements & Personal	15,690,220	4.46%
Beltway Investment Inc.	Land & Improvements	5,739,960	1.63%
Summer Lakes Storage Partners LLP	Land, Improvements & Personal	4,602,640	1.31%
Prz Rsnbg TX LLC	Land & Improvements	3,063,920	0.87%
Quasar Rosenberg Ltd	Land	2,916,700	0.83%
Rosenberg Summer Lakes LLC	Land & Improvements	2,285,340	0.65%
Gehan Homes Ltd	Land	2,282,500	0.65%
Castlerock Communities L.P.	Land	2,199,500	0.63%
Zgakam Corporation	Land & Improvements	1,587,830	0.45%
Total		\$ 65,570,160	18.64%

**Summary of Assessed Valuation**

The following breakdowns of the Estimated Taxable Assessed Valuation as of April 1, 2021 and 2017 through 2020 Certified Taxable Assessed Valuation have been provided by the District's Tax Assessor/Collector based on information contained in the 2017 through 2020 tax rolls of the District and an estimate of the taxable value of the District as of April 1, 2021. Differences in values from other information herein are due to differences in dates of information provided.

	<u>Estimated Taxable Assessed Valuation as of 4/1/21 (a)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 76,529,989	\$ 71,531,819	\$ 65,460,089	\$ 57,702,249	\$ 52,374,900
Improvements	352,083,703	296,870,183	241,494,812	198,645,138	181,962,560
Personal Property	8,787,890	7,491,340	4,250,850	5,277,475	4,570,050
Exemptions	(24,359,878)	(24,069,648)	(19,208,055)	(10,252,531)	(8,844,927)
Total	<u>\$ 413,041,704</u>	<u>\$ 351,823,694</u>	<u>\$ 291,997,696</u>	<u>\$ 251,372,331</u>	<u>\$ 230,062,583</u>

(a) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable appraised value within the District on April 1, 2021. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."

## **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 and the Estimated Taxable Assessed Valuation as of April 1, 2021, and no use of debt service funds on hand, collection of ninety-five percent (95%) of taxes levied, and utilize tax rates necessary to pay the District's maximum annual and average annual debt service requirements. See "INVESTMENT CONSIDERATIONS— Factors Affecting Taxable Values and Tax Payments."

Average Annual Debt Service Requirement (2022-2045) .....	\$1,961,603
\$0.59 Tax Rate on 2020 Certified Taxable Assessed Valuation.....	\$1,971,972
\$0.50 Tax Rate on Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$1,961,948
Maximum Annual Debt Service Requirement (2030).....	\$2,453,306
\$0.74 Tax Rate on 2020 Certified Taxable Assessed Valuation.....	\$2,473,321
\$0.63 Tax Rate on Estimated Taxable Assessed Valuation as of April 1, 2021 .....	\$2,472,055

## **TAXING PROCEDURES**

### **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 not granted such exemptions. 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 (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.

### **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." 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.

## **Tax Abatement**

The City of Rosenberg and Fort Bend County may designate all or part of the District as a reinvestment zone, and the District, Fort Bend County and the City of Rosenberg, under certain circumstances, 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.

## **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 also 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**

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 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 has been designated as a Developing District for the 2020 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.



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

Taxes levied by the District are a personal obligation of the owner of the property 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."

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## DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service on the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Series 2021A Bonds			Plus: Debt Service on the Series 2021B Park Bonds			Total Debt Service Requirements
		Principal	Interest	Total	Principal	Interest	Total	
2021	\$ 413,247 (a)		\$ 23,245	\$ 23,245		\$ 19,934	\$ 19,934	\$ 456,427
2022	1,872,375	\$ 115,000	91,256	206,256	\$ 95,000	78,788	173,788	2,252,419
2023	1,893,356	115,000	88,381	203,381	100,000	76,838	176,838	2,273,575
2024	1,912,763	120,000	85,431	205,431	105,000	74,788	179,788	2,297,981
2025	1,939,878	125,000	81,756	206,756	110,000	72,638	182,638	2,329,272
2026	1,954,294	130,000	77,931	207,931	115,000	69,813	184,813	2,347,038
2027	1,976,784	135,000	73,956	208,956	120,000	66,288	186,288	2,372,028
2028	1,992,434	140,000	71,231	211,231	125,000	63,863	188,863	2,392,528
2029	2,010,488	145,000	69,625	214,625	130,000	62,425	192,425	2,417,538
2030	2,035,488	155,000	67,556	222,556	135,000	60,263	195,263	2,453,306
2031	1,837,088	160,000	65,194	225,194	140,000	57,513	197,513	2,259,794
2032	1,855,913	165,000	62,344	227,344	145,000	54,663	199,663	2,282,919
2033	1,666,459	175,000	58,944	233,944	150,000	51,713	201,713	2,102,116
2034	1,683,747	180,000	55,394	235,394	155,000	48,663	203,663	2,122,803
2035	1,713,181	185,000	51,744	236,744	165,000	45,463	210,463	2,160,388
2036	1,739,488	195,000	47,944	242,944	170,000	42,113	212,113	2,194,544
2037	1,757,969	200,000	43,994	243,994	175,000	38,663	213,663	2,215,625
2038	1,600,113	210,000	39,894	249,894	185,000	35,063	220,063	2,070,069
2039	1,621,128	220,000	35,594	255,594	190,000	31,313	221,313	2,098,034
2040	1,379,853	230,000	30,950	260,950	200,000	27,288	227,288	1,868,091
2041	1,032,131	235,000	26,009	261,009	210,000	22,931	232,931	1,526,072
2042	605,869	245,000	20,756	265,756	215,000	18,281	233,281	1,104,906
2043	380,625	255,000	15,131	270,131	225,000	13,331	238,331	889,088
2044	-	265,000	9,281	274,281	235,000	8,156	243,156	517,438
2045	-	280,000	3,150	283,150	245,000	2,756	247,756	530,906
<b>Total</b>	<b>\$ 36,874,669</b>	<b>\$ 4,380,000</b>	<b>\$ 1,296,692</b>	<b>\$ 5,676,692</b>	<b>\$ 3,840,000</b>	<b>\$ 1,143,541</b>	<b>\$ 4,983,541</b>	<b>\$ 47,534,902</b>

(a) Excludes the April 1, 2021 debt service payment in the amount of \$1,418,909.

Average Annual Debt Service Requirements (2022-2045) .....	\$1,961,603
Maximum Annual Debt Service Requirement (2030) .....	\$2,453,306

## 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 Rosenberg, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, 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 the Pandemic. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and may 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 Pandemic concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

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

The District continues to monitor the spread of the Pandemic and is monitoring directives from local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of 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, the financial and operating data herein is 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 Events; Hurricane Harvey**

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

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Engineer, there was no interruption of water and sewer service as a result of Hurricane Harvey and the District’s system did not sustain any material damage from Hurricane Harvey. To the knowledge of the District, no homes within the District experienced structural flooding or other damage as a result of Hurricane Harvey.

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

### **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.

### **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 which are currently being marketed by the Developers to the homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots 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. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Status of Development."

### **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, 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 32 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 the national financial and credit markets. A downturn in the economic conditions of Houston and the nation 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 32 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 metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction 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. 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.

### **Dependence on Principal Taxpayers**

The ten principal taxpayers in the District represent \$65,570,160 or 18.64% of the 2020 Certified Taxable Assessed Valuation. See “TAX DATA—Principal Taxpayers.” The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to raise its tax rate or use other available funds for debt service purposes. However, the District has not covenanted in the Bond Orders, nor is it required by Texas law, to maintain any particular balance in its Bond Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

### **Undeveloped Acreage**

There are approximately 53 developable acres of land within the District that have not been provided with water, sanitary sewer and storm drainage and detention facilities necessary to the construction of taxable improvements. The District makes no representation as to when or if development of this acreage will occur. See “THE DISTRICT—Undeveloped Acreage.”

### **Development and Home Construction in the District**

As of March 29, 2021, approximately 99 developed lots within the District remained vacant. Future increases in value will result primarily from the construction of new homes. The District makes no representation with regard to whether or not the homebuilding programs will be successful. See “THE DISTRICT—Homebuilding Program” and “Maximum Impact on District Tax Rates.”

### **Landowner Obligation to the District**

There are no commitments from or obligations of any developer or other 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 lots or developed tracts of land 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 continued development of 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 \$351,823,694. After issuance of the Bonds, the maximum annual debt service requirement will be \$2,453,306 (2030) and the average annual debt service requirement will be \$1,961,603 (2022-2045). 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 \$0.74 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$2,453,306 and a tax rate of \$0.59 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,961,603 (see “DEBT SERVICE REQUIREMENTS”). The Estimated Taxable Assessed Valuation as of April 1, 2021 of the District is \$413,041,704. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of April 1, 2021 and a 95% collection rate, a tax rate of \$0.63 per \$100 assessed valuation would be necessary to pay the maximum annual debt service requirement and a tax rate of \$0.50 per \$100 assessed valuation would be necessary to pay the average annual debt service requirement. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2020 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of April 1, 2021, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend on the continuing construction and sale of homes and other taxable improvements within the District. See “TAXING PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

### **Future Debt**

The District reserves in the Bond Orders the right to issue the remaining \$17,600,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and the remaining \$57,180,000 in principal amount of unlimited tax refunding bonds authorized but unissued and any additional bonds which may be voted hereafter. Following the issuance of the Series 2021B Park Bonds, the District will have no remaining bonds authorized but unissued for the purpose of financing and constructing recreational facilities. See “THE BONDS—Issuance of Additional Debt” and “Financing Parks and Recreational Facilities.” 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 parity bonds which may be issued. Any

bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities or recreational facilities must be approved by the Commission. After issuance of the Bonds, the District will have fully reimbursed the Developers for water, wastewater and drainage facilities and recreational facilities that have been constructed on behalf of the District. It is anticipated that additional bonds will be issued in the future to serve the undeveloped acreage within the District as well as to pay for additionally required wastewater treatment plant capacity and/or water plant capacity, if any, and for roads and recreational 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 should be adequate, under present land use projections, to finance improvements necessary for full development of the District. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

### **Environmental Regulations**

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

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

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

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

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.

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

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

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

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

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

### **Tax Collection Limitations**

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

### **Registered Owners’ Remedies**

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 Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, 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 Orders. Except for mandamus, the Bond Orders do 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 Orders may not be reduced to a judgment for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Beneficial 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 Beneficial 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.



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

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the Commission prior to filing bankruptcy. Such law requires that the Commission investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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 the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect the Registered Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owner's claim against the District.

A district may not be placed into bankruptcy involuntarily.

### **Continuing Compliance with Certain Covenants**

The Bond Orders contain covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Orders 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 "LEGAL MATTERS—Tax Exemption."

### **Marketability**

The District has no agreement with the Initial Purchasers 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.

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchasers have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

## **Future 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 Initial Purchasers 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 and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. 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. Bond Counsel's opinion will also address the matters described below.

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 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 District by McCall, Parkhurst & Horton LLP, Houston, Texas, as Disclosure Counsel.

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 "THE BONDS," "THE DISTRICT—General" and "—Utility Agreement with the City," "MANAGEMENT—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

### **Tax Exemption**

On the date of initial delivery of the Bonds, Bond Counsel will render its 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, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Orders relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

### **Not Qualified Tax-Exempt Obligations**

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

### **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, owners of interests in a FASIT, 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 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 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.

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

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at 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 owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH 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.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

## **REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS**

The offer and sale of the Bonds have not been registered or qualified 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 jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated 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 provisions.

## NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchasers 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.

## MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to each issue of Bonds with the understanding that upon delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp for each series. Moody's has also assigned an underlying rating of "Baa1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

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

## MUNICIPAL BOND INSURANCE

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue separate Municipal Bond Insurance Policies for the Bonds (collectively, the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

### **Assured Guaranty Municipal Corp.**

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

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

### *Current Financial Strength Ratings*

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

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

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

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

### *Capitalization of AGM*

At March 31, 2021:

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

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

### *Merger of MAC into AGM*

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

### *Incorporation of Certain Documents by Reference*

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

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

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this OFFICIAL STATEMENT.

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

#### *Miscellaneous Matters*

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

### **NO-LITIGATION CERTIFICATE**

With the delivery of the Bonds, the President or Vice President, Secretary, or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchasers 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.

### **SALE AND DISTRIBUTION OF THE BONDS**

After requesting competitive bids for the Series 2021A Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the “Series 2021A Bond Initial Purchaser”) bearing the interest rates shown on the inside cover hereof, at a price of 97.0177% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.307895%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2021B Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the “Series 2021B Park Bond Initial Purchaser”) bearing the interest rates shown on the inside cover hereof, at a price of 97.0720% of the par value thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.313031%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2021A Bond Initial Purchaser and the Series 2021B Park Bond Initial Purchaser shall be referred to herein collectively as the “Initial Purchasers.”

The prices and other terms with respect to the offering and the sale of the Bonds may be changed from time to time by the Initial Purchasers after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchasers may over-allocate 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 municipal utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, which are more generally bought, sold or traded in the secondary market.

## PREPARATION OF OFFICIAL STATEMENT

### **Sources and Compilation of Information**

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources believed to be reliable. No guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and the inclusion herein of information from sources other than the District is not to be construed as a representation on the part of the District to such effect, 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. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

"THE DISTRICT" —Starwood Land Advisors, LLC and Edminster, Hinshaw, Russ and Associates, Inc. ("Engineer"); "THE DEVELOPERS" —Starwood Land Advisors, LLC, "TAXING PROCEDURES" —Wheeler & Associates, Inc. and Schwartz, Page & Harding, L.L.P.; "THE SYSTEM"— Engineer; "THE BONDS" and "LEGAL MATTERS"—Schwartz, Page & Harding, L.L.P.; "FINANCIAL STATEMENT" and "TAX DATA"—Fort Bend Central Appraisal District, Wheeler & Associates, Inc. and the Municipal Advisory Council.

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 in addition to the Financial Advisor.

*Engineer:* The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" (as it relates to District facilities) has been provided by Edminster, Hinshaw, Russ and Associates, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

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



Auditor: The financial statements of the District as of February 29, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 29, 2020, audited financial statements.

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

## **UPDATING THE OFFICIAL STATEMENT**

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchasers and ending on the ninety- first (91st) day after the "end of the underwriting period" (as defined in SEC Rule 15c(2)-12(f)(2)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Initial Purchasers of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

## **CERTIFICATION OF OFFICIAL STATEMENT**

The District, acting through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that 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 the 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.

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "THE SYSTEM," "OPERATING STATEMENT," "FINANCIAL STATEMENT," "DEBT SERVICE REQUIREMENTS," "TAX DATA" and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District for the year ended February 29, 2020). The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2021. Any financial statements concerning the District so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not completed within such period, then the District shall provide unaudited financial statements for the applicable entity and fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is the last day of February. Accordingly, it must provide updated information by August 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 MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material 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 Orders 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 the 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 its Electronic Municipal Market Access ("EMMA") internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

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

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

### **Compliance With Prior Undertakings**

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12, except as follows: National Public Finance Guarantee Corporation (“NPFGC”) is the insurance provider for the District’s Series 2016 Unlimited Tax Bonds. On December 1, 2017 Standard & Poor’s withdrew the insured credit rating on NPFGC. The District failed to timely file notice of such action. On August 16, 2018, the District filed notice of non-compliance and has taken appropriate action to ensure timely filing of all future submissions. On December 5, 2017 Kroll Bond Rating Agency withdrew the insured credit rating on NPFGC. The District failed to timely file notice of such action. On August 24, 2018, the District filed notice of non-compliance and has taken appropriate action to ensure timely filing of all future submissions.

### **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.

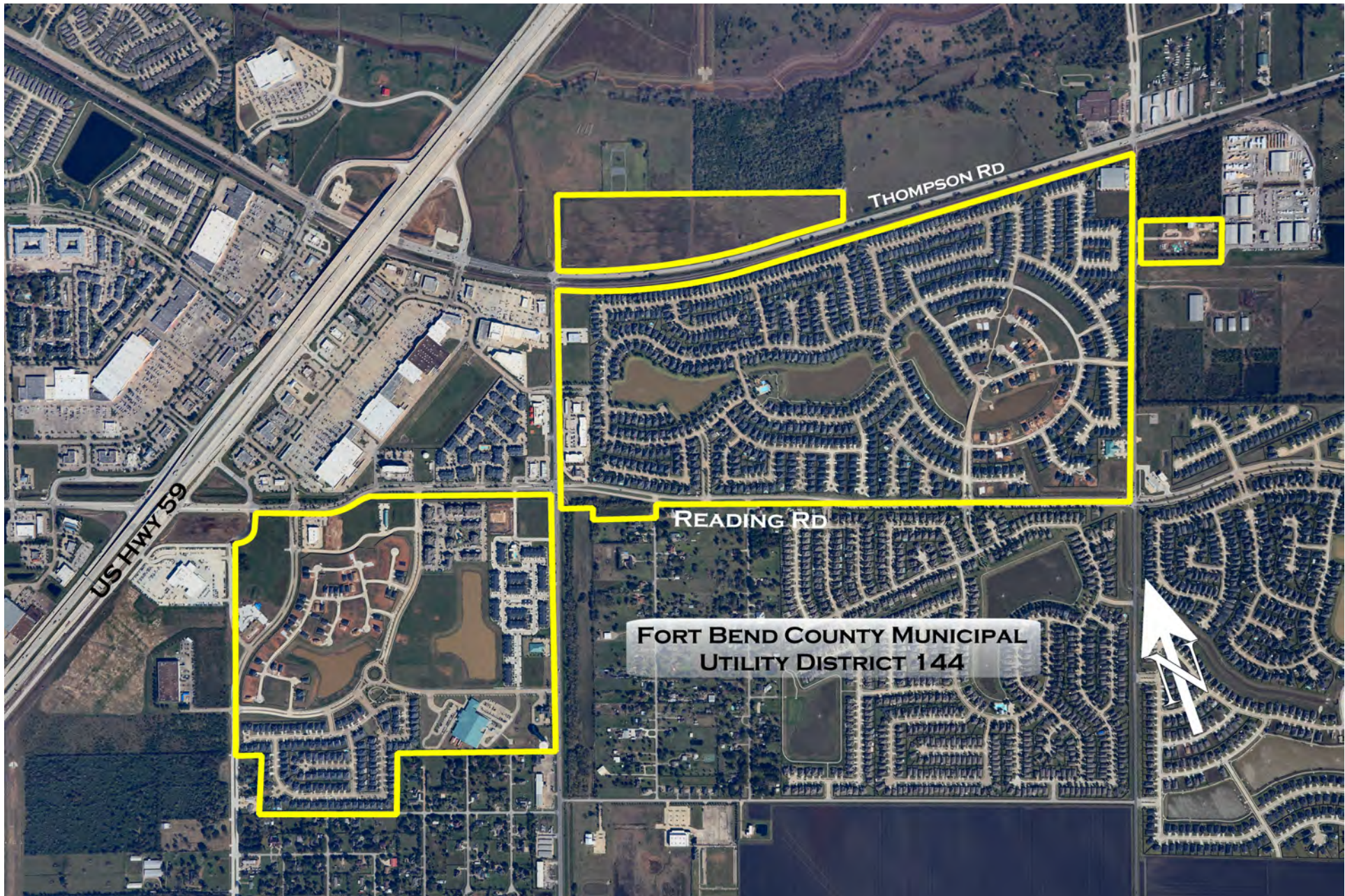
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 144, as of the date shown on the cover page.

/s/Ted Teinert  
\_\_\_\_\_  
President, Board of Directors  
Fort Bend County Municipal Utility District No. 144

ATTEST:

/s/Jimmy T. Juhl  
\_\_\_\_\_  
Secretary, Board of Directors  
Fort Bend County Municipal Utility District No. 144

**AERIAL PHOTOGRAPH**  
**(As of December 2020)**



US HWY 59

THOMPSON RD

READING RD

FORT BEND COUNTY MUNICIPAL  
UTILITY DISTRICT 144



**PHOTOGRAPHS OF THE DISTRICT**  
**(As of January 2021)**

















**APPENDIX A**

**Independent Auditor's Report and Financial Statements of the District for the year ended February 29, 2020**

**Fort Bend County Municipal Utility District No. 144**

Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

February 29, 2020



**Fort Bend County Municipal Utility District No. 144**  
**February 29, 2020**

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## Independent Auditor's Report

Board of Directors  
Fort Bend County Municipal Utility District No. 144  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 144 (the District), as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 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 financial statements are free from 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 policies 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 and appropriate to provide a basis for our audit opinions.

***Opinions***

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 the District as of February 29, 2020, and the respective changes in financial position thereof for the year then ended in accordance 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 schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**BKD, LLP**

Houston, Texas  
July 8, 2020

# **Fort Bend County Municipal Utility District No. 144**

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

### **February 29, 2020**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### **Government-wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

**Fort Bend County Municipal Utility District No. 144**  
**Management's Discussion and Analysis (Continued)**  
**February 29, 2020**

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

**Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

**Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Fort Bend County Municipal Utility District No. 144**  
**Management's Discussion and Analysis (Continued)**  
**February 29, 2020**

**Financial Analysis of the District as a Whole**

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 4,830,970	\$ 4,528,822
Capital assets	8,370,417	6,567,519
Total assets	13,201,387	11,096,341
Deferred outflows of resources	385,048	408,945
Total assets and deferred outflows of resources	\$ 13,586,435	\$ 11,505,286
Long-term liabilities	\$ 32,691,109	\$ 28,876,510
Other liabilities	397,329	669,064
Total liabilities	33,088,438	29,545,574
Net position:		
Net investment in capital assets	(23,644,523)	(21,647,764)
Restricted	3,393,534	3,017,429
Unrestricted	748,986	590,047
Total net position	\$ (19,502,003)	\$ (18,040,288)

The total net position of the District decreased by \$1,461,715, or about 4 percent. The majority of the decrease in net position is related to the conveyance of capital assets to another entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Fort Bend County Municipal Utility District No. 144**  
**Management's Discussion and Analysis (Continued)**  
**February 29, 2020**

**Summary of Changes in Net Position**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Revenues:		
Property taxes	\$ 2,303,379	\$ 1,984,768
City of Rosenberg rebates	18,982	22,399
Other revenues	<u>86,288</u>	<u>45,540</u>
Total revenues	<u>2,408,649</u>	<u>2,052,707</u>
Expenses:		
Services	376,603	304,039
Capacity purchase	597,535	-
Conveyance of capital assets	1,836,780	1,722,639
Depreciation	144,407	144,407
Debt service	<u>915,039</u>	<u>1,046,208</u>
Total expenses	<u>3,870,364</u>	<u>3,217,293</u>
Change in net position	(1,461,715)	(1,164,586)
Net position, beginning of year	<u>(18,040,288)</u>	<u>(16,875,702)</u>
Net position, end of year	<u>\$ (19,502,003)</u>	<u>\$ (18,040,288)</u>

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

The District's combined fund balances as of the end of the fiscal year ended February 29, 2020, were \$4,717,115, an increase of \$609,131 from the prior year.

The general fund's fund balance increased by \$157,362 due to developer advances received.

The debt service fund's fund balance increased by \$400,073 due to property tax revenues generated being greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$51,696 due proceeds from the bond anticipation note exceeding repayment of developer advances and developer projects.

**Fort Bend County Municipal Utility District No. 144**  
**Management's Discussion and Analysis (Continued)**  
**February 29, 2020**

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues being greater than anticipated and repairs and maintenance expense being lower than anticipated. In addition, capital outlay expenditures and developer advances were not budgeted. The fund balance as of February 29, 2020, was expected to be \$657,260 and the actual end-of-year fund balance was \$737,582.

**Capital Assets and Related Debt**

Capital Assets

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

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2020</b>	<b>2019</b>
Land	\$ 6,501,132	\$ 4,553,827
Water facilities	273,238	289,768
Wastewater facilities	72,592	75,011
Land improvements	1,523,455	1,648,913
Total capital assets	\$ 8,370,417	\$ 6,567,519

During the current year, additions to capital assets were as follows:

SummerPark stormwater detention facilities, Phase 2 and detention modifications to serve Summer Lakes	\$ 1,947,305
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Developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of February 29, 2020, a liability for developer-constructed capital assets of \$5,826,496 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended February 29, 2020, are summarized as follows.

**Fort Bend County Municipal Utility District No. 144**  
**Management's Discussion and Analysis (Continued)**  
**February 29, 2020**

Long-term debt payable, beginning of year	\$ 28,876,510
Increases in long-term debt	6,019,796
Decreases in long-term debt	(2,205,197)
Long-term debt payable, end of year	\$ 32,691,109

At February 29, 2020, the District had \$27,490,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$3,840,000 of unlimited tax bonds authorized, but unissued, for recreation facilities.

The District's bonds carry an underlying rating of "Baa1" from Moody's. The Series 2017 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

**Other Relevant Factors**

Relationship to the City of Rosenberg

As of February 29, 2020, approximately 521.6849 acres of the District lie within the boundaries of the City of Rosenberg (the City); another 35.4600 acres within the District lie within the extraterritorial jurisdiction of the City of Richmond. The District entered into contracts with the City, relative to such acreage, both effective as of May 6, 2003, and amended and restated thereafter, which expire upon the earlier of (i) the dissolution of the District by the City pursuant to applicable law, or (ii) the expiration of 35 years. Under the terms of the contracts, the District is to pay for construction of water distribution, sanitary sewer and drainage facilities (the facilities) to serve the District. Upon inspection and acceptance, the facilities will be conveyed to the City and the City will operate and maintain the facilities within the boundaries of the District. The District shall retain a security interest in the facilities until all bonds issued by the District to finance the construction of the facilities are retired or the District is dissolved.

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,466,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On April 7, 2020, the District awarded the sale of its Series 2020 unlimited tax bonds in the amount of \$5,510,000 at a net effective interest rate of approximately 2.99 percent. The bonds were sold to finance construction projects within the District and to repay the series 2019 bond anticipation note.



**Fort Bend County Municipal Utility District No. 144**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**February 29, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 97,193	\$ 537,383	\$ 28,616	\$ 663,192	\$ -	\$ 663,192
Certificates of deposit	-	1,680,000	-	1,680,000	-	1,680,000
Short-term investments	433,721	1,466,930	332,128	2,232,779	-	2,232,779
Property taxes receivable	11,404	70,357	-	81,761	-	81,761
Accrued interest	-	35,334	-	35,334	-	35,334
Due from others	131,578	-	-	131,578	-	131,578
Accrued penalty and interest	-	-	-	-	6,326	6,326
Interfund receivable	97,181	-	-	97,181	(97,181)	-
Capital assets:						
Land and land improvements	-	-	-	-	6,501,132	6,501,132
Land improvements	-	-	-	-	1,523,455	1,523,455
Infrastructure	-	-	-	-	345,830	345,830
<b>Total assets</b>	<b>771,077</b>	<b>3,790,004</b>	<b>360,744</b>	<b>4,921,825</b>	<b>8,279,562</b>	<b>13,201,387</b>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	0	0	0	0	385,048	385,048
<b>Total assets and deferred outflows of resources</b>	<b>\$ 771,077</b>	<b>\$ 3,790,004</b>	<b>\$ 360,744</b>	<b>\$ 4,921,825</b>	<b>\$ 8,664,610</b>	<b>\$ 13,586,435</b>

**Fort Bend County Municipal Utility District No. 144**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**February 29, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 22,091	\$ 3,408	\$ 269	\$ 25,768	\$ -	\$ 25,768
Accrued interest payable	-	-	-	-	371,561	371,561
Interfund payable	-	43,130	54,051	97,181	(97,181)	-
Long-term liabilities:						
Due within one year	-	-	-	-	830,000	830,000
Due after one year	-	-	-	-	31,861,109	31,861,109
<b>Total liabilities</b>	<b>22,091</b>	<b>46,538</b>	<b>54,320</b>	<b>122,949</b>	<b>32,965,489</b>	<b>33,088,438</b>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	11,404	70,357	0	81,761	(81,761)	0
<b>Fund Balances/Net Position</b>						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	3,673,109	-	3,673,109	(3,673,109)	-
Water, sewer and drainage	-	-	306,424	306,424	(306,424)	-
Unassigned	737,582	-	-	737,582	(737,582)	-
<b>Total fund balances</b>	<b>737,582</b>	<b>3,673,109</b>	<b>306,424</b>	<b>4,717,115</b>	<b>(4,717,115)</b>	<b>0</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 771,077</b>	<b>\$ 3,790,004</b>	<b>\$ 360,744</b>	<b>\$ 4,921,825</b>		
Net position:						
Net investment in capital assets					(23,644,523)	(23,644,523)
Restricted for debt service					3,378,231	3,378,231
Restricted for capital projects					15,303	15,303
Unrestricted					748,986	748,986
<b>Total net position</b>					<b>\$ (19,502,003)</b>	<b>\$ (19,502,003)</b>

**Fort Bend County Municipal Utility District No. 144**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended February 29, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 319,122	\$ 1,972,531	\$ -	\$ 2,291,653	\$ 11,726	\$ 2,303,379
City of Rosenberg rebates	18,982	-	-	18,982	-	18,982
Penalty and interest	-	9,443	-	9,443	(113)	9,330
Investment income	7,203	51,453	13,047	71,703	-	71,703
Other income	1,138	4,117	-	5,255	-	5,255
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	346,445	2,037,544	13,047	2,397,036	11,613	2,408,649
<b>Expenditures/Expenses</b>						
Service operations:						
Professional fees	129,530	3,559	-	133,089	123,032	256,121
Contracted services	21,113	45,822	-	66,935	2,894	69,829
Other expenditures	38,440	12,023	190	50,653	-	50,653
Capital outlay	597,535	-	2,960,143	3,557,678	(3,557,678)	-
Conveyance of capital assets	-	-	-	-	1,836,780	1,836,780
Capacity purchase	-	-	-	-	597,535	597,535
Depreciation	-	-	-	-	144,407	144,407
Debt service:						
Principal retirement	-	800,000	-	800,000	(800,000)	-
Interest and fees	-	776,067	-	776,067	84,920	860,987
Debt issuance costs	-	-	54,052	54,052	-	54,052
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures/expenses	786,618	1,637,471	3,014,385	5,438,474	(1,568,110)	3,870,364
<b>Excess (Deficiency) of Revenues Over</b>						
<b>Expenditures</b>	<hr/> (440,173)	<hr/> 400,073	<hr/> (3,001,338)	<hr/> (3,041,438)	<hr/> 1,579,723	

**Fort Bend County Municipal Utility District No. 144**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances (Continued)**  
**Year Ended February 29, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Other Financing Sources (Uses)</b>						
Repayment of developer advances	\$ -	\$ -	\$ (376,966)	\$ (376,966)	\$ 376,966	
Developer construction advances	597,535	-	-	597,535	(597,535)	
Bond anticipation note issued	-	-	3,430,000	3,430,000	(3,430,000)	
Total other financing sources	<u>597,535</u>	<u>0</u>	<u>3,053,034</u>	<u>3,650,569</u>	<u>(3,650,569)</u>	
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	157,362	400,073	51,696	609,131	(609,131)	
<b>Change in Net Position</b>					(1,461,715)	\$ (1,461,715)
<b>Fund Balances/Net Position</b>						
Beginning of year	<u>580,220</u>	<u>3,273,036</u>	<u>254,728</u>	<u>4,107,984</u>	<u>-</u>	<u>(18,040,288)</u>
End of year	<u>\$ 737,582</u>	<u>\$ 3,673,109</u>	<u>\$ 306,424</u>	<u>\$ 4,717,115</u>	<u>\$ 0</u>	<u>\$ (19,502,003)</u>

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Fort Bend County Municipal Utility District No. 144 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective March 10, 2004, in accordance with the Texas Water Code. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

***Government-wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

# Fort Bend County Municipal Utility District No. 144

## Notes to Financial Statements

### February 29, 2020

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

#### **Fund Balances – Governmental Funds**

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

***Measurement Focus and Basis of Accounting***

**Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

**Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

***Investments and Investment Income***

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended February 29, 2020, include collections during the current period or within 60 days of year-end related to the 2019 and prior years' tax levies.



**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended February 29, 2020, the 2019 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b>Years</b>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Land improvements	10-20

**Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, generally, it is the District's policy to use restricted resources first.

***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 8,370,417
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	81,761
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	6,326
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	385,048
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(371,561)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(32,691,109)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (24,219,118)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because of the following items.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

Change in fund balances.	\$ 609,131
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation, conveyance of capital assets and noncapitalized costs in the current year.	853,030
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	(220,569)
Governmental funds report proceeds from the sale of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(2,630,000)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	11,613
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(84,920)</u>
Change in net position of governmental activities.	<u><u>\$ (1,461,715)</u></u>

**Note 2: Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At February 29, 2020, none of the District's bank balances were exposed to custodial credit risk.

**Investments**

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District also invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Boards of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At February 29, 2020, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years			More Than 10
		Less Than 1	1-5	6-10	
Texas CLASS	\$ 2,232,779	\$ 2,232,779	\$ 0	\$ 0	\$ 0

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At February 29, 2020, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

***Summary of Carrying Values***

The carrying values of deposits and investments shown previously are included in the balance sheet at February 29, 2020, as follows:

Carrying value:		
Deposits	\$	2,343,192
Investments		<u>2,232,779</u>
Total	\$	<u><u>4,575,971</u></u>

Included in the following statement of net position captions:

Cash	\$	663,192
Certificates of deposit		1,680,000
Short-term investments		<u>2,232,779</u>
Total	\$	<u><u>4,575,971</u></u>

***Investment Income***

Investment income of \$71,703 for the year ended February 29, 2020, consisted of interest income.

***Fair Value Measurements***

The District has the following recurring fair value measurements as of February 29, 2020:

- Pooled investments of \$2,232,779 are valued at fair value per share of the pool's underlying portfolio.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended February 29, 2020, is presented below:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land	\$ 4,553,827	\$ 1,947,305	\$ 6,501,132
Capital assets, depreciable:			
Water production and distribution facilities	400,469	-	400,469
Wastewater collection and treatment facilities	103,427	-	103,427
Land improvements	1,881,857	-	1,881,857
Total capital assets, depreciable	2,385,753	0	2,385,753
Less accumulated depreciation:			
Water production and distribution facilities	(110,701)	(16,530)	(127,231)
Wastewater collection and treatment facilities	(28,416)	(2,419)	(30,835)
Land improvements	(232,944)	(125,458)	(358,402)
Total accumulated depreciation	(372,061)	(144,407)	(516,468)
Total governmental activities, net	\$ 6,567,519	\$ 1,802,898	\$ 8,370,417

**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended February 29, 2020, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:					
General obligation bonds	\$ 24,435,000	\$ -	\$ 800,000	\$ 23,635,000	\$ 830,000
Less discounts on bonds	435,118	-	14,162	420,956	-
	23,999,882	0	785,838	23,214,044	830,000
Bond anticipation note	-	3,430,000	-	3,430,000	-
Due to developer	4,876,628	1,992,261	1,042,393	5,826,496	-
Developer advances	-	597,535	376,966	220,569	-
Total governmental activities long-term liabilities	\$ 28,876,510	\$ 6,019,796	\$ 2,205,197	\$ 32,691,109	\$ 830,000

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

**General Obligation Bonds**

	<b>Series 2013</b>	<b>Series 2015</b>
Amounts outstanding, February 29, 2020	\$2,305,000	\$3,105,000
Interest rates	2.00% to 4.25%	2.00% to 4.00%
Maturity dates, serially beginning/ending	April 1, 2020/2037	April 1, 2020/2039
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	April 1, 2021	April 1, 2023
	<b>Refunding Series 2015A</b>	<b>Series 2016</b>
Amounts outstanding, February 29, 2020	\$4,220,000	\$4,660,000
Interest rates	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	April 1, 2020/2032	April 1, 2020/2040
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	April 1, 2023	April 1, 2024
	<b>Series 2017</b>	<b>Series 2018</b>
Amounts outstanding, February 29, 2020	\$6,045,000	\$3,300,000
Interest rates	3.00% to 3.50%	3.00% to 3.75%
Maturity dates, serially beginning/ending	April 1, 2020/2041	April 1, 2020/2042
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	April 1, 2024	April 1, 2024

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at February 29, 2020.

# Fort Bend County Municipal Utility District No. 144

## Notes to Financial Statements

February 29, 2020

Year	Principal	Interest	Total
2021	\$ 830,000	\$ 752,855	\$ 1,582,855
2022	865,000	731,030	1,596,030
2023	900,000	706,498	1,606,498
2024	940,000	680,491	1,620,491
2025	985,000	653,037	1,638,037
2026-2030	5,665,000	2,767,933	8,432,933
2031-2035	5,725,000	1,792,873	7,517,873
2036-2040	5,895,000	828,873	6,723,873
2041-2043	1,830,000	71,625	1,901,625
Total	<u>\$ 23,635,000</u>	<u>\$ 8,985,215</u>	<u>\$ 32,620,215</u>

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

Bonds voted	\$ 54,010,000
Bonds sold	26,520,000
Recreation bonds voted	3,840,000
Refunding bonds voted	57,850,000
Refunding bond authorization used	570,000

### ***Due to Developer - Construction***

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$5,826,496. These amounts have been recorded in the financial statements as long-term liabilities.

### ***Developer Advances***

Since inception, the developers have advanced \$220,569 to the District for operations, net of repayments. These advances have been recorded as liabilities in the government-wide financial statements.



**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

***Bond Anticipation Note***

On June 26, 2019, the District issued its Series 2019 bond anticipation note in the amount of \$3,430,000. The note is dated June 28, 2019, bears interest at the rate of 2.32 percent and matures on June 26, 2020, unless called for early redemption. The note is a special limited obligation of the district and is payable solely from the proceeds from the sale of bonds and therefore, has been excluded from the current portion of long-term liabilities.

**Note 5: Significant Bond Order and Commission Requirements**

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended February 29, 2020, the District levied an ad valorem debt service tax at the rate of \$0.6800 per \$100 of assessed valuation, which resulted in a tax levy of \$1,985,754 on the taxable valuation of \$292,023,265 for the 2019 tax year. The interest and principal requirements to be paid from the tax revenues and available resources in fiscal 2021 are \$1,582,855.

**Note 6: Maintenance Taxes**

At an election held May 15, 2004, voters authorized a maintenance tax not to exceed \$1.00 per \$100 valuation on all property within the District subject to taxation. During the year ended February 29, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.1100 per \$100 of assessed valuation, which resulted in a tax levy of \$321,225 on the taxable valuation of \$292,023,265 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7: Contract With City of Rosenberg**

As of February 29, 2020, approximately 521.6849 acres of the District lie within the boundaries of the City of Rosenberg (the City); another 35.4600 acres within the District lie within the extraterritorial jurisdiction of the City of Richmond (Richmond). The District entered into contracts with the City, relative to such acreage, both effective as of May 6, 2003, and amended and restated thereafter, which expire upon the earlier of (i) the dissolution of the District by the City pursuant to applicable law, or (ii) the expiration of 35 years. Under the terms of the contracts, the District is to pay for construction of water distribution, sanitary sewer and drainage facilities (the facilities) to serve the District. Upon inspection and acceptance, the facilities will be conveyed to the City and the City will operate and maintain the facilities within the boundaries of the District. The District shall retain a security interest in the facilities until all bonds issued by the District to finance the construction of the facilities are retired or the District is dissolved.

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Financial Statements**  
**February 29, 2020**

During the term of the contract, the City is obligated to maintain and operate the system in good working condition and to provide service to users within the District. The City will fix rates and charge the customers in that part of the District within the City limits at a rate equal and uniform to the rates charged other similar users within the City. The District will provide services to the 35.4600 acres within the extraterritorial jurisdiction of Richmond and bill such customers at a rate equal to twice the rate charged to in-City customers. All revenue from the system belongs to the City.

The City is obligated to pay the District a sum of money representing a rebate of ad valorem taxes generated within the District by the City's drainage tax rate by February 1<sup>st</sup> of each year. The District recorded \$18,982 in rebate revenue during the year ended February 29, 2020.

**Note 8: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

**Note 9: Contingencies**

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,466,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

**Note 10: Subsequent Event**

On April 7, 2020, the District awarded the sale of its Series 2020 unlimited tax bonds in the amount of \$5,510,000 at a net effective interest rate of approximately 2.99 percent. The bonds were sold to finance construction projects within the District and to repay the series 2019 bond anticipation note.

**Note 11: Uncertainties**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

## **Required Supplementary Information**

**Fort Bend County Municipal Utility District No. 144**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended February 29, 2020**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 292,100	\$ 319,122	\$ 27,022
City of Rosenberg rebates	21,900	18,982	(2,918)
Other income	-	1,138	1,138
Investment income	7,800	7,203	(597)
	<u>321,800</u>	<u>346,445</u>	<u>24,645</u>
<b>Expenditures</b>			
Service operations:			
Professional fees	127,700	129,530	(1,830)
Contracted services	22,600	21,113	1,487
Repairs and maintenance	60,000	-	60,000
Other expenditures	34,460	38,440	(3,980)
Capital outlay	-	597,535	(597,535)
	<u>244,760</u>	<u>786,618</u>	<u>(541,858)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	77,040	(440,173)	(517,213)
<b>Other Financing Sources</b>			
Developer construction advances	-	597,535	597,535
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	77,040	157,362	80,322
<b>Fund Balance, Beginning of Year</b>	<u>580,220</u>	<u>580,220</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 657,260</u>	<u>\$ 737,582</u>	<u>\$ 80,322</u>

**Fort Bend County Municipal Utility District No. 144**  
**Notes to Required Supplementary Information**  
**February 29, 2020**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2020.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## **Other Information**

**Fort Bend County Municipal Utility District No. 144**  
**Other Schedules Included Within This Report**  
**February 29, 2020**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 13-26
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Services and Rates**  
**Year Ended February 29, 2020**

1. Services provided by the District:

- |   |   |  |
|---|---|--|
| <input checked="" type="checkbox"/> Retail Water  | <input type="checkbox"/> Wholesale Water      | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation          |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads               |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |  |
| <input checked="" type="checkbox"/> Other <u>Service provided by the City of Rosenberg.</u>   |   |  |
-



**Fort Bend County Municipal Utility District No. 144**  
**Schedule of General Fund Expenditures**  
**Year Ended February 29, 2020**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$ 18,700		
Legal	65,901		
Engineering	44,929		
Financial advisor	-		
	<hr/>		129,530
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			-
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping	21,113		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	-		
Other contracted services	-		
	<hr/>		21,113
<b>Utilities</b>			-
<b>Repairs and Maintenance</b>			-
<b>Administrative Expenditures</b>			
Directors' fees	9,600		
Office supplies	2,407		
Insurance	3,708		
Other administrative expenditures	22,725		
	<hr/>		38,440
<b>Capital Outlay</b>			
Capitalized assets	-		
Expenditures not capitalized	597,535		
	<hr/>		597,535
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			-
			<hr/>
Total expenditures		\$	<u><u>786,618</u></u>

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Temporary Investments**  
**February 29, 2020**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Texas CLASS	1.75%	Demand	\$ 433,721	\$ 0
<b>Debt Service Fund</b>				
Certificates of Deposit				
No. 466	2.75%	03/12/20	240,000	6,383
No. 12260	2.65%	03/11/20	240,000	6,168
No. 2000000073	2.15%	03/22/20	240,000	2,290
No. 36000286	2.25%	03/13/20	240,000	2,456
No. 3216000271	2.60%	03/12/20	240,000	6,018
No. 6000030129	2.60%	03/12/20	240,000	6,018
No. 9009010376	2.60%	03/12/20	240,000	6,001
Texas CLASS	1.75%	Demand	1,466,930	-
			<u>3,146,930</u>	<u>35,334</u>
<b>Capital Projects Fund</b>				
Texas CLASS	1.75%	Demand	90,162	-
Texas CLASS	1.75%	Demand	241,966	-
			<u>332,128</u>	<u>0</u>
Totals			<u>\$ 3,912,779</u>	<u>\$ 35,334</u>

**Fort Bend County Municipal Utility District No. 144**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended February 29, 2020**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 9,827	\$ 60,208
Additions and corrections to prior years' taxes	(526)	(3,074)
Adjusted receivable, beginning of year	9,301	57,134
 <b>2019 Original Tax Levy</b>	 318,197	 1,967,036
Additions and corrections	3,028	18,718
Adjusted tax levy	321,225	1,985,754
Total to be accounted for	330,526	2,042,888
Tax collections: Current year	(310,166)	(1,917,390)
Prior years	(8,956)	(55,141)
Receivable, end of year	\$ 11,404	\$ 70,357
 <b>Receivable, by Years</b>		
2019	\$ 11,059	\$ 68,364
2018	200	1,234
2017	63	356
2016	53	304
2015	29	99
Receivable, end of year	\$ 11,404	\$ 70,357

**Fort Bend County Municipal Utility District No. 144**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended February 29, 2020**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Property Valuations</b>				
Land	\$ 65,460,089	\$ 57,702,249	\$ 52,374,890	\$ 47,187,480
Improvements	241,494,812	198,671,788	181,962,540	161,206,490
Personal property	4,253,850	5,306,125	4,570,050	2,836,468
Exemptions	<u>(19,185,486)</u>	<u>(10,098,481)</u>	<u>(8,315,076)</u>	<u>(8,929,778)</u>
Total property valuations	<u>\$ 292,023,265</u>	<u>\$ 251,581,681</u>	<u>\$ 230,592,404</u>	<u>\$ 202,300,660</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800
Maintenance tax rates*	<u>0.1100</u>	<u>0.1100</u>	<u>0.1200</u>	<u>0.1200</u>
Total tax rates per \$100 valuation	<u>\$ 0.7900</u>	<u>\$ 0.7900</u>	<u>\$ 0.8000</u>	<u>\$ 0.8000</u>
<b>Tax Levy</b>	<u>\$ 2,306,979</u>	<u>\$ 1,987,491</u>	<u>\$ 1,844,739</u>	<u>\$ 1,618,405</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>				
	<u>97%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.00 on May 15, 2004

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

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Series 2013		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 80,000	\$ 87,485	\$ 167,485
2022	80,000	85,085	165,085
2023	85,000	82,398	167,398
2024	90,000	79,335	169,335
2025	95,000	76,098	171,098
2026	100,000	72,685	172,685
2027	110,000	68,900	178,900
2028	115,000	64,737	179,737
2029	120,000	60,330	180,330
2030	125,000	55,675	180,675
2031	135,000	50,667	185,667
2032	140,000	45,305	185,305
2033	150,000	39,575	189,575
2034	160,000	33,375	193,375
2035	165,000	26,772	191,772
2036	175,000	19,759	194,759
2037	185,000	12,219	197,219
2038	195,000	4,144	199,144
Totals	\$ 2,305,000	\$ 964,544	\$ 3,269,544

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Series 2015		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 85,000	\$ 108,319	\$ 193,319
2022	90,000	106,569	196,569
2023	95,000	104,600	199,600
2024	100,000	102,281	202,281
2025	105,000	99,588	204,588
2026	115,000	96,419	211,419
2027	120,000	92,819	212,819
2028	130,000	88,831	218,831
2029	135,000	84,440	219,440
2030	145,000	79,625	224,625
2031	150,000	74,369	224,369
2032	160,000	68,650	228,650
2033	170,000	62,462	232,462
2034	180,000	55,900	235,900
2035	190,000	48,962	238,962
2036	200,000	41,400	241,400
2037	215,000	33,100	248,100
2038	225,000	24,300	249,300
2039	240,000	15,000	255,000
2040	255,000	5,100	260,100
Totals	\$ 3,105,000	\$ 1,392,734	\$ 4,497,734

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Refunding Series 2015A		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 290,000	\$ 140,681	\$ 430,681
2022	305,000	133,206	438,206
2023	310,000	123,981	433,981
2024	320,000	114,532	434,532
2025	335,000	104,707	439,707
2026	350,000	93,994	443,994
2027	355,000	82,094	437,094
2028	365,000	69,266	434,266
2029	380,000	55,525	435,525
2030	395,000	40,500	435,500
2031	410,000	24,400	434,400
2032	200,000	12,200	212,200
2033	205,000	4,100	209,100
Totals	\$ 4,220,000	\$ 999,186	\$ 5,219,186

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Series 2016		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 125,000	\$ 118,819	\$ 243,819
2022	130,000	116,269	246,269
2023	140,000	113,568	253,568
2024	145,000	110,718	255,718
2025	155,000	107,718	262,718
2026	165,000	104,415	269,415
2027	170,000	100,855	270,855
2028	180,000	96,913	276,913
2029	190,000	92,519	282,519
2030	200,000	87,888	287,888
2031	210,000	83,019	293,019
2032	225,000	77,713	302,713
2033	235,000	71,963	306,963
2034	245,000	65,656	310,656
2035	260,000	58,713	318,713
2036	275,000	51,356	326,356
2037	290,000	43,588	333,588
2038	305,000	35,025	340,025
2039	320,000	25,650	345,650
2040	340,000	15,750	355,750
2041	355,000	5,325	360,325
Totals	<u>\$ 4,660,000</u>	<u>\$ 1,583,440</u>	<u>\$ 6,243,440</u>



**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Series 2017		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 165,000	\$ 188,813	\$ 353,813
2022	170,000	183,788	353,788
2023	180,000	178,538	358,538
2024	190,000	172,987	362,987
2025	195,000	167,213	362,213
2026	205,000	161,213	366,213
2027	215,000	154,913	369,913
2028	225,000	148,313	373,313
2029	235,000	141,413	376,413
2030	245,000	134,213	379,213
2031	260,000	126,637	386,637
2032	270,000	118,687	388,687
2033	280,000	110,437	390,437
2034	295,000	101,627	396,627
2035	310,000	92,175	402,175
2036	325,000	82,253	407,253
2037	340,000	71,863	411,863
2038	355,000	60,780	415,780
2039	370,000	48,768	418,768
2040	385,000	35,788	420,788
2041	405,000	21,962	426,962
2042	425,000	7,437	432,437
Totals	<u>\$ 6,045,000</u>	<u>\$ 2,509,818</u>	<u>\$ 8,554,818</u>

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Series 2018		
	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ 85,000	\$ 108,738	\$ 193,738
2022	90,000	106,113	196,113
2023	90,000	103,413	193,413
2024	95,000	100,638	195,638
2025	100,000	97,713	197,713
2026	105,000	94,638	199,638
2027	110,000	91,412	201,412
2028	115,000	88,038	203,038
2029	120,000	84,512	204,512
2030	125,000	80,838	205,838
2031	130,000	76,930	206,930
2032	140,000	72,713	212,713
2033	145,000	68,169	213,169
2034	150,000	63,375	213,375
2035	155,000	58,322	213,322
2036	165,000	52,922	217,922
2037	170,000	47,162	217,162
2038	180,000	41,037	221,037
2039	190,000	34,444	224,444
2040	195,000	27,465	222,465
2041	205,000	20,215	225,215
2042	215,000	12,468	227,468
2043	225,000	4,218	229,218
Totals	\$ 3,300,000	\$ 1,535,493	\$ 4,835,493

**Fort Bend County Municipal Utility District No. 144**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**February 29, 2020**

Due During Fiscal Years Ending February 28	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 830,000	\$ 752,855	\$ 1,582,855
2022	865,000	731,030	1,596,030
2023	900,000	706,498	1,606,498
2024	940,000	680,491	1,620,491
2025	985,000	653,037	1,638,037
2026	1,040,000	623,364	1,663,364
2027	1,080,000	590,993	1,670,993
2028	1,130,000	556,098	1,686,098
2029	1,180,000	518,739	1,698,739
2030	1,235,000	478,739	1,713,739
2031	1,295,000	436,022	1,731,022
2032	1,135,000	395,268	1,530,268
2033	1,185,000	356,706	1,541,706
2034	1,030,000	319,933	1,349,933
2035	1,080,000	284,944	1,364,944
2036	1,140,000	247,690	1,387,690
2037	1,200,000	207,932	1,407,932
2038	1,260,000	165,286	1,425,286
2039	1,120,000	123,862	1,243,862
2040	1,175,000	84,103	1,259,103
2041	965,000	47,502	1,012,502
2042	640,000	19,905	659,905
2043	225,000	4,218	229,218
Totals	<u>\$ 23,635,000</u>	<u>\$ 8,985,215</u>	<u>\$ 32,620,215</u>

**Fort Bend County Municipal Utility District No. 144**  
**Changes in Long-term Bonded Debt**  
**Year Ended February 29, 2020**

	<b>Bond</b>		
	<b>Series 2013</b>	<b>Series 2015</b>	<b>Refunding Series 2015A</b>
Interest rates	2.00% to 4.25%	2.00% to 4.00%	2.00% to 4.00%
Dates interest payable	April 1/ October 1	April 1/ October 1	April 1/ October 1
Maturity dates	April 1, 2020/2037	April 1, 2020/2039	April 1, 2020/2032
Bonds outstanding, beginning of current year	\$ 2,380,000	\$ 3,185,000	\$ 4,510,000
Retirements, principal	75,000	80,000	290,000
Bonds outstanding, end of current year	\$ 2,305,000	\$ 3,105,000	\$ 4,220,000
Interest paid during current year	\$ 89,623	\$ 109,969	\$ 146,481

Paying agent's name and address:

**Series 2013** - Regions Bank, Houston, Texas  
**Series 2015** - Regions Bank, Houston, Texas  
**Series 2015A** - Regions Bank, Houston, Texas  
**Series 2016** - Regions Bank, Houston, Texas  
**Series 2017** - Regions Bank, Houston, Texas  
**Series 2018** - Regions Bank, Houston, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 54,010,000	\$ 3,840,000	\$ 57,850,000
Amount of authorization used	\$ 26,520,000	\$ -	\$ 570,000
Remaining to be issued	\$ 27,490,000	\$ 3,840,000	\$ 57,280,000

Debt service fund cash and temporary investment balances as of February 29, 2020: \$ 3,684,313

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,418,270

**Issues**

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<b>Series 2016</b>	<b>Series 2017</b>	<b>Series 2018</b>	<b>Totals</b>
2.00% to 3.00%	3.00% to 3.50%	3.00% to 3.75%	
April 1/ October 1	April 1/ October 1	April 1/ October 1	
April 1, 2020/2040	April 1, 2020/2041	April 1, 2020/2042	
\$ 4,780,000	\$ 6,200,000	\$ 3,380,000	\$ 24,435,000
<u>120,000</u>	<u>155,000</u>	<u>80,000</u>	<u>800,000</u>
<u>\$ 4,660,000</u>	<u>\$ 6,045,000</u>	<u>\$ 3,300,000</u>	<u>\$ 23,635,000</u>
<u>\$ 121,269</u>	<u>\$ 193,613</u>	<u>\$ 111,213</u>	<u>\$ 772,168</u>

**Fort Bend County Municipal Utility District No. 144**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Year Ended February 29, 2020, Three Years Ended February 28,**  
**2019, 2018 and 2017, and Year Ended February 29, 2016**

	Amounts				
	2020	2019	2018	2017	2016
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 319,122	\$ 275,715	\$ 276,293	\$ 245,627	\$ 280,271
City of Rosenberg rebates	18,982	44,305	-	27,715	23,179
Investment income	7,203	5,862	508	275	115
Other income	1,138	364	-	-	-
Total revenues	<u>346,445</u>	<u>326,246</u>	<u>276,801</u>	<u>273,617</u>	<u>303,565</u>
<b>Expenditures</b>					
Service operations:					
Professional fees	129,530	142,768	132,804	92,242	94,761
Contracted services	21,113	22,244	22,669	18,635	19,538
Repairs and maintenance	-	5,875	-	20,192	21,462
Other expenditures	38,440	32,094	41,815	26,375	31,723
Tap connections	-	-	-	-	2,150
Capital outlay	597,535	-	-	-	-
Total expenditures	<u>786,618</u>	<u>202,981</u>	<u>197,288</u>	<u>157,444</u>	<u>169,634</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(440,173)</u>	<u>123,265</u>	<u>79,513</u>	<u>116,173</u>	<u>133,931</u>
<b>Other Financing Sources</b>					
Developer operating advances	-	-	-	-	31,000
Developer construction advances	597,535	-	-	-	-
Total other financing sources	<u>597,535</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,000</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	157,362	123,265	79,513	116,173	164,931
<b>Fund Balance, Beginning of Year</b>	<u>580,220</u>	<u>456,955</u>	<u>377,442</u>	<u>261,269</u>	<u>96,338</u>
<b>Fund Balance, End of Year</b>	<u>\$ 737,582</u>	<u>\$ 580,220</u>	<u>\$ 456,955</u>	<u>\$ 377,442</u>	<u>\$ 261,269</u>
<b>Total Active Retail Water Connections</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Active Retail Wastewater Connections</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Percent of Fund Total Revenues**

2020	2019	2018	2017	2016
92.1 %	84.5 %	99.8 %	89.8 %	92.3 %
5.5	13.6	-	10.1	7.7
2.0	1.7	0.2	0.1	0.0
0.4	0.2	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
37.4	43.8	48.0	33.7	31.2
6.1	6.8	8.2	6.8	6.4
-	1.8	-	7.4	7.1
11.1	9.8	15.1	9.6	10.5
-	-	-	-	0.7
172.5	-	-	-	-
<u>227.1</u>	<u>62.2</u>	<u>71.3</u>	<u>57.5</u>	<u>55.9</u>
<u>(127.1) %</u>	<u>37.8 %</u>	<u>28.7 %</u>	<u>42.5 %</u>	<u>44.1 %</u>

**Fort Bend County Municipal Utility District No. 144**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Year Ended February 29, 2020, Three Years Ended February 28,**  
**2019, 2018 and 2017, and Year Ended February 29, 2016**

	Amounts				
	2020	2019	2018	2017	2016
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,972,531	\$ 1,700,346	\$ 1,565,004	\$ 1,369,268	\$ 992,585
Penalty and interest	9,443	7,500	7,738	11,464	7,198
Investment income	51,453	24,015	10,422	5,194	3,186
Other income	4,117	5,026	5,298	3,317	507
Total revenues	<u>2,037,544</u>	<u>1,736,887</u>	<u>1,588,462</u>	<u>1,389,243</u>	<u>1,003,476</u>
<b>Expenditures</b>					
Current:					
Professional fees	3,559	4,155	5,255	2,969	733
Contracted services	45,822	41,155	35,475	32,527	28,424
Other expenditures	12,023	13,040	9,184	12,229	10,290
Debt service:					
Principal retirement	800,000	545,000	505,000	425,000	230,000
Interest and fees	776,067	692,204	512,224	382,160	351,544
Debt issuance costs	-	-	-	-	194,758
Total expenditures	<u>1,637,471</u>	<u>1,295,554</u>	<u>1,067,138</u>	<u>854,885</u>	<u>815,749</u>
<b>Excess of Revenues Over Expenditures</b>	<u>400,073</u>	<u>441,333</u>	<u>521,324</u>	<u>534,358</u>	<u>187,727</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	-	-	-	-	5,180,000
Discount on debt issued	-	-	-	-	(12,205)
Deposit with escrow agent	-	-	-	-	(4,963,279)
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>204,516</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	400,073	441,333	521,324	534,358	392,243
<b>Fund Balance, Beginning of Year</b>	<u>3,273,036</u>	<u>2,831,703</u>	<u>2,310,379</u>	<u>1,776,021</u>	<u>1,383,778</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,673,109</u>	<u>\$ 3,273,036</u>	<u>\$ 2,831,703</u>	<u>\$ 2,310,379</u>	<u>\$ 1,776,021</u>



**Percent of Fund Total Revenues**

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
96.8 %	97.9 %	98.5 %	98.6 %	98.9 %
0.5	0.4	0.5	0.8	0.7
2.5	1.4	0.7	0.4	0.3
<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.2	0.3	0.2	0.1
2.3	2.4	2.2	2.3	2.8
0.6	0.8	0.6	0.9	1.0
39.2	31.4	31.8	30.6	22.9
38.1	39.8	32.3	27.5	35.1
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19.4</u>
<u>80.4</u>	<u>74.6</u>	<u>67.2</u>	<u>61.5</u>	<u>81.3</u>
<u><u>19.6 %</u></u>	<u><u>25.4 %</u></u>	<u><u>32.8 %</u></u>	<u><u>38.5 %</u></u>	<u><u>18.7 %</u></u>

**Fort Bend County Municipal Utility District No. 144**  
**Board Members, Key Personnel and Consultants**  
**Year Ended February 29, 2020**

Complete District mailing address:	Fort Bend County Municipal Utility District No. 144 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	January 24, 2020	_____
Limit on fees of office that a director may receive during a fiscal year:	\$	7,200

<b>Board Members</b>	<b>Term of Office Elected &amp; Expires</b>	<b>Fees*</b>	<b>Expense Reimbursements</b>	<b>Title at Year-end</b>
Ted Teinert	Elected 05/16- 05/20	\$ 2,400	\$ 656	President
Ron G. Thomas	Elected 05/18- 05/22	1,650	437	Vice President
Jimmy T. Juhl	Elected 05/18- 05/22	1,800	584	Secretary
James J. McConn III	Elected 05/16- 05/20	1,650	433	Assistant Secretary
Scott Maham	Elected 05/16- 05/20	2,100	2,902	Director

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

**Fort Bend County Municipal Utility District No. 144**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended February 29, 2020**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
BKD, LLP	02/08/06	\$ 27,600	Auditor
Edminster, Hinshaw, Russ and Associates, Inc.	03/15/04	119,884	Engineer
Fort Bend Central Appraisal District	Legislative Action	14,243	Appraiser
Masterson Advisors LLC	05/01/18	27,800	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/15/04	26,770	Bookkeeper
Municipal Operations & Consulting, Inc.	10/13/05	0	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/14/05	3,987	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/15/07	34,342 94,815	Bond Counsel General Counsel
Wheeler & Associates, Inc.	07/08/04	40,515	Tax Assessor/ Collector
<b>Investment Officers</b>			
Mark M. Burton and Ghia Lewis	07/08/04	N/A	Bookkeepers

**APPENDIX B**

**Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

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

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
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