

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 15, 2018

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

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

THE BONDS ARE NOT "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book Entry Only

\$6,055,000

IMPERIAL REDEVELOPMENT DISTRICT

(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX BONDS, SERIES 2018

Dated: May 1, 2018

Due: May 1, as shown below

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar") in Dallas, Texas. Interest on the Bonds will accrue from May 1, 2018, and be payable on November 1, 2018 (six months' interest) and on each May 1 and November 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Principal Amount(a)	Maturity (May 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(b)	Principal Amount(a)	Maturity (May 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(b)
\$ 180,000	2019		%	%	\$ 245,000	2032 (d)		%	%
185,000	2020				250,000	2033 (d)			
190,000	2021				255,000	2034 (d)			
195,000	2022				260,000	2035 (d)			
200,000	2023				265,000	2036 (d)			
205,000	2024 (d)				270,000	2037 (d)			
210,000	2025 (d)				275,000	2038 (d)			
215,000	2026 (d)				280,000	2039 (d)			
220,000	2027 (d)				285,000	2040 (d)			
225,000	2028 (d)				290,000	2041 (d)			
230,000	2029 (d)				325,000	2042 (d)			
235,000	2030 (d)				325,000	2043 (d)			
240,000	2031 (d)								

- (a) The Initial Purchaser may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from May 1, 2018, is to be added to the price.
- (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 Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Bonds maturing on and after May 1, 2024, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on May 1, 2023, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Imperial Redevelopment District (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, Texas, or any entity other than the District. The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about May 24, 2018.

Bids Due: Thursday, April 19, 2018, at 9:45 A.M., Houston Time

Bid Award: Thursday, April 19, 2018, at 12:00 Noon, Houston Time

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

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

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 Purchaser and thereafter only as specified in “PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement.”

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

<i>The Issuer</i>	Imperial Redevelopment District (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
<i>The Issue</i>	<p>\$6,055,000 Unlimited Tax Bonds, Series 2018 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts and bearing interest at the rates shown on the cover hereof. Interest on the Bonds accrues from May 1, 2018, and is payable on November 1, 2018 (six months’ interest), and on each May 1 and November 1 thereafter until the earlier of maturity or prior redemption.</p> <p>The Bonds maturing on and after May 1, 2024, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on May 1, 2023, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS.”</p>
<i>Book-Entry-Only System</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Source of Payment</i>	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County (the “County”), the City of Sugar Land, Texas (the “City”) or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Use of Proceeds</i>	Proceeds from the Bonds will be used to pay for the construction costs shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be used to capitalize six (6) months of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; engineering fees and administrative costs and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance</i>	The Bonds are the second series of bonds issued out of an aggregate of \$185,600,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of water, sanitary sewer and drainage facilities bonds. The Bonds are issued by the District pursuant to the terms and provisions of Chapter 8150 of the Special Districts Local Laws Code, 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, an order of the Texas Commission on Environmental Quality, the Bond Resolution and an election held within the District. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt” and “RISK FACTORS—Future Debt.”

<i>Payment Record</i>	The District has previously issued one series of unlimited tax bonds in the principal amount of \$2,500,000, all of which is outstanding as of March 15, 2018 and one series of unlimited tax road bonds in the principal amount of \$12,135,000, all of which is outstanding as of March 15, 2018 (the “Outstanding Unlimited Tax Bonds”). The District also has previously issued one series of contract revenue bonds in the principal amount of \$4,980,000, all of which is outstanding as of March 15, 2018 (the “Outstanding Contract Revenue Bonds”). See “FINANCIAL STATEMENT—Outstanding Bonds.” The District has never defaulted in the payment of principal and interest on its previously issued bonds.
<i>Not Qualified Tax Exempt Obligations</i>	The Bonds are not “qualified tax-exempt obligations” for financial institutions.
<i>Municipal Bond Insurance and Rating</i>	Application has been made to Moody’s Investors Service (“Moody’s”) for an underlying rating on the Bonds, and Moody’s has assigned an underlying rating of “__” to the District. Application has also been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser at the Initial Purchaser’s expense. The rating fee of Moody’s will be paid for by the District; payment of any other rating fee will be the responsibility of the Initial Purchaser. See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”
<i>Legal Opinion</i>	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas.
<i>Financial Advisor</i>	Hilltop Securities Inc., Houston, Texas.
<i>Disclosure Counsel</i>	Norton Rose Fulbright US LLP, Houston, Texas.
<i>Engineer</i>	LJA Engineering, Inc., Houston, Texas.

THE DISTRICT

<i>Description</i>	The District was created under Article XVI, Section 59 of the Texas Constitution by House Bill 3554, as passed by the 79 th Texas Legislature on June 18, 2005, and operates in accordance with Chapter 8150 of the Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended. The District also has the purposes of Article III, Sections 52 and 52-a, and Article VIII, Section 1-g of the Texas Constitution. The District contains approximately 746 acres of land, and is located in eastern Fort Bend County approximately 30 miles southwest of downtown Houston, Texas. Access to the District is provided via the State Highway 6 and US Highway 90A. Generally, the District is bordered on the south by US Highway 90A, on the west by State Highway 6 and on the north by Voss Road. Oyster Creek winds through the District. The District lies entirely within the corporate boundaries of the City of Sugar Land, Texas (the “City”).
<i>Imperial</i>	The District is being developed as Imperial, a mixed use community which includes single-family and multi-family residential, retail, office and commercial development. The District includes Imperial Market, which is planned as a mixed use lifestyle center located at the former Imperial Sugar Company refinery site and utilizing historic structures, and an Atlantic League baseball stadium known as Constellation Field, which is the home of the Sugar Land Skeeters.
<i>Status of Development</i>	Development of Imperial began in 2010. The District currently includes approximately 129 developed acres of single-family residential development (464 lots). As of January 1, 2018, the District contained 212 single-family homes completed and occupied, 6 single-family homes completed and not occupied, 60 single-family homes in various stages of construction and 186 vacant developed lots. An additional 109 lots are under construction on approximately 24 acres of land in the District and are expected to be available for home construction in spring 2018.

Homebuilding in the District is currently being conducted by the following homebuilders: Darling Homes, Grace Point Homes, Partners in Building, Sitterle Homes and Meritage Homes. New homes in the District range in price from approximately \$420,000 to in excess of \$1,500,000.

In addition to the single family development described above, the District contains approximately 27 acres of baseball stadium facilities, the Fort Bend Children's Discovery Center and the Sugar Land Heritage Museum and Visitor Center built upon approximately one acre in Imperial Market, approximately 14 acres of multi-family development including Imperial Lofts (a 254-unit apartment complex, 98% occupied) and the Overture at Imperial (a recently opened 200-unit apartment complex, 30% occupied), approximately 2 acres of commercial development upon which a Raceway gas station/convenience store has been constructed, and approximately 18 acres upon which a portion of the Nalco Champion corporate offices and parking area are located.

The District also contains approximately 148 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 45 acres have been developed as 45,000 feet of walking trails, parks and open spaces, and approximately 339 acres of land are undevelopable and contained in drainage easements, right of way, District plant sites, detention areas and drill sites. See "THE DISTRICT—Status of Development" and "THE DEVELOPERS AND MAJOR LANDOWNERS."

Hurricane HarveyThe Houston area, including Fort Bend County, sustained widespread flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances.

According to the City, there was no interruption in water and sewer service or material damage to the City facilities serving the District as a result of the storm, and the Developers have reported there was no damage to homes or businesses within the District.

Hurricane Harvey could have an adverse impact on the Houston region's economy, including business activity and development in the region. The District cannot predict what impact Hurricane Harvey will have on the future assessed value of homes and commercial improvements within the District. See "RISK FACTORS—Acts of Nature; Hurricane Harvey."

The TIRZ.....By Ordinance No. 1667, dated December 18, 2007, the City created Reinvestment Zone Number Three, City of Sugar Land (the "TIRZ") and adopted the Final Project Plan and Reinvestment Zone Financing Plan (the "TIRZ Plan") for a term of thirty years. By Ordinances No. 1888, dated February 5, 2013, and No. 2064, dated August 16, 2016 (all ordinances collectively referred to as the "TIRZ Ordinances"), the City extended the term of the TIRZ to 2042 and amended the TIRZ Plan. The TIRZ covers approximately 839.4 acres, consisting of all the acreage in the District and some additional non-taxable right-of-way property. The TIRZ is intended to facilitate a program of public improvements to allow the District to be developed as a planned mixed use community with single family residential, a hotel/conference center, recreational facilities, a sports stadium, museums and other arts and entertainment venues, with associated parking, related water, sewer, drainage and road infrastructure, and the preservation and/or reuse of certain historic structures at the Imperial Sugar Company site.

The City and Fort Bend County (the "County") have agreed to deposit to a special tax increment fund established by the City (the "Tax Increment Fund") a portion of their tax collections arising from property within the TIRZ. The District has entered into a contract with the board of directors of the TIRZ and the governing body of the City that provides for the District to assist in implementing the TIRZ Plan. Under the contract, the District issues bonds payable from amounts it receives from the City from the Tax Increment Fund (the "Contract Revenue Bonds") and uses proceeds of the Contract Revenue Bonds to finance certain components of the TIRZ Plan, with the remaining

components of the Plan being financed through proceeds of the District's unlimited tax bonds. The Bonds are not payable from the amounts received from the Tax Increment Fund.

The District issued its first series of Contract Revenue Bonds in the amount of \$4,980,000 on October 27, 2016 (the "Outstanding Contract Revenue Bonds"), all of which remains outstanding. The Outstanding Contract Revenue Bonds are payable solely from the amounts the District receives from the City from the Tax Increment Fund, and owners of the Outstanding Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. The Bonds are not payable from the amounts received from the Tax Increment Fund. See "Redevelopment Agreement with the City of Sugar Land," and "TAX INCREMENT REINVESTMENT ZONE."

The Developers and Major

LandownersThe majority of the land in Imperial is owned by Cherokee Sugar Land, L.P. ("Cherokee"), a Delaware limited partnership, and the General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund (the "GLO") (Cherokee and GLO collectively, referred to as the "Landowners"). Cherokee was formed for the sole purpose of owning and developing the 746 acres of land in the District. Imperial Johnson LLC ("Imperial Johnson"), an affiliate of the Johnson Development Corporation, is the Development Manager for the Landowners. Imperial Johnson is referred to herein as the "Development Manager."

Imperial Market Development, LLC, a Texas limited liability company, is the owner of approximately 21 acres of land in the District being marketed as Imperial Market, a mixed use development that incorporates the historic structures of the former Imperial Sugar Company refinery.

In 2014, Meritage Homes of Texas LLC, an Arizona limited liability company ("Meritage") purchased 127 acres from the Landowners to develop such acreage as single family lots. Meritage began developing such acreage as Crown Garden at Imperial in 2015. Meritage is also a homebuilder in Crown Garden at Imperial. Meritage does not own any undeveloped land in the District.

In 2012, Sueba Development 122 LP, a Texas limited partnership ("Sueba") purchased 8.5 acres from the Landowners to develop such acreage as a multi-family apartment complex, Imperial Lofts. Sueba has completed construction of Imperial Lofts, and, in January 2018, Sueba sold Imperial Lofts to an unaffiliated third party. In 2016, an affiliate of Sueba purchased approximately 4 acres in "Imperial Market" from Imperial Market Development, LLC, which has not been developed at this time.

Cherokee, Imperial Market Development, LLC, Meritage, and Sueba are collectively referred to herein as the "Developers." See "THE DEVELOPERS AND MAJOR LANDOWNERS."

RISK FACTORS

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 "RISK FACTORS."

SELECTED FINANCIAL INFORMATION

2017 Certified Taxable Assessed Valuation.....	\$185,063,516(a)
Estimated Taxable Assessed Valuation as of January 1, 2018	\$221,013,676(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$20,690,000 (c)
Estimated Overlapping Debt	<u>11,100,151 (d)</u>
Gross Debt and Estimated Overlapping Debt.....	\$31,790,151
Ratio of Gross Debt to:	
2017 Certified Taxable Assessed Valuation	11.18%
Estimated Taxable Assessed Valuation as of January 1, 2018	9.36%
Ratio of Gross Debt and Estimated Overlapping Debt to:	
2017 Certified Taxable Assessed Valuation	17.18%
Estimated Taxable Assessed Valuation as of January 1, 2018	14.38%
2017 District Tax Rate:	
Debt Service	\$0.55
Maintenance and Operations	<u>0.55</u>
Total	\$1.10/\$100 A.V.
Average Annual Tax Collections (2013-2017).....	98.85%
Projected Average Annual Debt Service Requirements (2019-2043) of the Outstanding Unlimited Tax Bonds and the Bonds at an assumed interest rate of 3.75% ("Average Requirement").....	\$1,201,971
Tax rates required to pay Average Requirement based upon	
2017 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.69/\$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2018 at a 95% collection rate.....	\$0.58/\$100 A.V.
Projected Maximum Annual Debt Service Requirements (2022) of the Outstanding Unlimited Tax Bonds and the Bonds at an assumed interest rate of 3.75% ("Maximum Requirement").....	\$1,300,350
Tax rates required to pay Maximum Requirement based upon	
2017 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.74/\$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2018 at a 95% collection rate.....	\$0.62/\$100 A.V.
Development as of January 1, 2018:	
Single-family residential – completed and occupied	212
Single-family residential – completed and unoccupied and unsold	6
Single-family residential – under construction and sold.....	60
Single-family residential – vacant developed lots	186
Lots under construction	109
Multi-Family (454 units)	2

Area of District — 746 acres
Estimated 2018 Population – 1,650 (e)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on January 1, 2018. 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) Excludes the District's Contract Revenue Bonds payable solely from amounts received from the City's Tax Increment Fund. See "Tax Increment Reinvestment Zone."
- (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT" herein.
- (e) Estimate based on 3.5 persons per occupied home and 2 persons per multi-family unit.

PRELIMINARY OFFICIAL STATEMENT

\$6,055,000

IMPERIAL REDEVELOPMENT DISTRICT

(A political subdivision of the State of Texas located within Fort Bend County)

UNLIMITED TAX BONDS SERIES 2018

This Official Statement provides certain information in connection with the issuance by Imperial Redevelopment District (the “District”) of its \$6,055,000 Unlimited Tax Bonds, Series 2018 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapter 8150 of the Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), an order of the Texas Commission on Environmental Quality (the “Commission”) and an election held within the District.

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

THE BONDS

General

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 Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from May 1, 2018, and interest is payable on each November 1 and May 1 commencing November 1, 2018 (the “Interest Payment Date”), until the earlier of maturity or prior redemption. The Bonds mature on May 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

On November 8, 2011, the voters of the District authorized the issuance of a total of \$185,600,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of water, sanitary sewer and drainage facilities bonds. The Bonds are the second issuance from such authorization. See “Issuance of Additional Debt” below. Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8150 of the Special District Local Laws Code, the general laws of the State of Texas, the Bond Resolution, an order of the Commission and an election held within the District.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, the Outstanding Unlimited Tax Bonds, and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection.

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

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, whether at maturity or by prior redemption, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check or draft dated as of the Interest Payment Date, mailed by the Paying Agent/Registrar on each Interest Payment Date to the registered owner of record (the "Registered Owner") as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of the Registered Owner.

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

Funds

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

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

Accrued interest and six months of capitalized interest on the Bonds shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund to pay costs of acquiring or constructing District water, sanitary sewer, and drainage facilities and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

No Arbitrage

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

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after May 1, 2024, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on May 1, 2023, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will only be transferred in accordance with the procedure described herein under "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

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

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

Issuance of Additional Debt

After issuance of the Bonds, the District will have \$177,045,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of water, sanitary sewer and drainage facilities bonds, \$239,765,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, including improvements in aid thereof, and refunding of road facility bonds, \$83,167,000 principal amount of unlimited tax bonds for acquiring or constructing recreational facilities and refunding of recreational facilities bonds, \$138,600,000 principal amount of unlimited tax bonds for parking facilities and refunding of parking facilities bonds, and \$51,200,000 principal amount of unlimited tax bonds for economic development and refunding of economic development bonds. Under current law, the District does not have the legal authority to issue bonds payable from ad valorem taxes for parking facilities or economic development; but may issue Contract Revenue Bonds, as described herein, for such purposes. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

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

The District has issued \$4,980,000 principal amount of Contract Revenue Bonds, all of which is outstanding, which is payable solely from amounts received from the City's Tax Increment Fund. Owners of the Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. See "TAX INCREMENT REINVESTMENT ZONE."

Dissolution

Under Texas law, the District may be abolished and dissolved by the City of Sugar Land (the "City") without the District's consent. If the District is dissolved, the City of Sugar Land will assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days thereafter. Prior to dissolution by the City, the District shall have the opportunity to discharge any obligations of the District by selling its bonds or by causing the City to sell bonds of the City in an amount necessary to discharge such obligations. Dissolution of the District by the City is a policymaking matter within the discretion of the Mayor and the City Council of the City, and, therefore, the District makes no representation that dissolution will or will not occur. Moreover, no representation is made concerning the ability of the City to make debt service payments should dissolution occur.

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

General

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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to

provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

THE DISTRICT

General

Imperial Redevelopment District (the "District") is a municipal utility district created under Article XVI, Section 59 of the Texas Constitution by House Bill 3554, as passed by the 79th Texas Legislature on June 18, 2005, and operates in accordance with the Special District Local Laws Code, Chapter 8150, and the Texas Water Code, Chapters 49 and 54 and other general statutes applicable to municipal utility districts. The District is located wholly within the corporate boundaries of the City of Sugar Land, Texas, Texas ("Sugar Land" or the "City").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to construct thoroughfare, arterial and collector roads and improvements in aid thereof and to establish parks and recreational facilities, including sports and community venues. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. See "REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND." The District also has the purposes specified in Article III, Sections 52 and 52-a and Article VIII, Section 1-g of the Texas Constitution, and may purchase, construct, operate and maintain public improvements authorized for a tax increment reinvestment zone and a municipal management district and may provide for the creation of programs and the making of loans and grants of public money for the public purposes of development and diversification of the State's economy, the elimination of unemployment and underemployment, or the development or expansion of transportation or commerce.

The Commission exercises continuing supervisory jurisdiction over the District only for the water, wastewater and drainage projects. The District is required to observe certain requirements of the City of Sugar Land, Texas which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District's facilities are subject to the regulatory jurisdiction of additional government agencies. See "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM."

Location of District

The District presently contains approximately 746 acres of land and is located in eastern Fort Bend County approximately 30 miles southwest of downtown Houston, Texas. Access to the District is provided via the State Highway 6 and US Highway 90A. Generally, the District is bordered on the south by US Highway 90A, on the west by State Highway 6 and on the north by Voss Road. The District lies within the corporate boundaries of the City of Sugar land, Texas. See "AERIAL PHOTOGRAPH" herein.

Land Use

The District is being developed as Imperial, a mixed use community which includes single-family and multi-family residential, retail, office and commercial development, the Imperial Market which is a mixed use lifestyle center being redeveloped upon the former, historic Imperial Sugar Company refinery site, and an Atlantic League baseball stadium known as Constellation Field which is the home of the Sugar Land Skeeters. Development of Imperial began in 2010. The District currently includes approximately 129 developed acres of single-family residential development (464 lots), approximately 24 acres under construction for single-family residential development (109 lots), approximately 27 acres of baseball stadium facilities, approximately 14 acres of multi-family development, approximately 2 acres of commercial development, approximately 18 acres of corporate office and parking, approximately 45 acres of trails, parks and open spaces, approximately 148 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, and approximately 339 acres which are undevelopable (ponds, drainage easements, right-of-ways, plant sites, detention areas and drill sites). The table below represents a detailed breakdown of the current acreage and development in the District.

	<u>Approximate Acres</u>	<u>Lots</u>
<i><u>Single-Family Residential</u></i>		
Quiet Cove at Imperial	25	79
Silent Manor at Imperial (37 Patio Homes and 27 Townhomes)	13	64
The Point at Imperial (All Brownstones)	5	35
Crown Garden at Imperial,		
Section 1A	12	42
Section 1B	22	63
Section 2A	11	49
Section 2B	22	70
Section 2C (a)	14	49
Section 2D	19	62
Retreat at Imperial (b)	10	60
Subtotal	153	573
Constellation Field Ball Park	27	
Multi-Family (454 units)	14	
Commercial (including Children's Discovery Center)	2	
Industrial	18	
Trails, Parks and Open Spaces	45	
Future Development (c)	148	---
Non-Developable (d)	339	---
Totals	746	573

- (a) Water, sewer and drainage facility construction is complete and paving is expected to be complete in March 2018.
- (b) Water, sewer and drainage facility construction is underway and paving is expected to be complete in April 2018.
- (c) Includes approximately 25 acres in Imperial Market which is being redeveloped.
- (d) Includes ponds, drainage easements, right-of-ways, District plant sites, City of Sugar Land surface treatment plant, detention areas and drill sites.

Status of Development

Single-Family Residential: Home construction in the District began in 2010, and as of January 1, 2018, the District contained 212 single-family homes completed and occupied, 6 single-family homes completed and not occupied, 60 single-family homes in various stages of construction and 186 vacant developed lots.

Homebuilding: Homebuilders actively conducting building programs within the District are: Darling Homes, Grace Point Homes, Partners in Building, Sitterle Homes and Meritage Homes. New homes in the District range in price from approximately \$420,000 to in excess of \$1,500,000.

Multi-Family and Commercial: The District contains approximately 14 acres of multi-family development including Imperial Lofts (a 254-unit apartment complex) and the Overture at Imperial (a recently opened 200-unit apartment complex), a Raceway gas station/convenience store constructed upon 2 acres of land, and a portion of the Nalco Champion corporate offices and parking area upon approximately 18 acres.

No new residential development may occur in the 27 acres in Imperial Market until certain conditions of the Redevelopment Agreement are met. See “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND.”

Community Facilities: Constellation Field, the home of the Sugar Skeeters Atlantic League baseball team, has been constructed on approximately 27 acres in the District. The former refinery site of the Imperial Sugar Company site consisting of 26.7 acres is planned for redevelopment as the Imperial Market. Currently, one acre in the Imperial Market has been developed which includes the Fort Bend Children’s Discovery Center (an affiliate of the Children’s Museum of Houston) and the Sugar Land Heritage Museum and Visitor Center. Recreation facilities in the District ultimately include approximately 45,000 feet of walking trails, parks and open spaces constructed around approximately 62 acres of lakes and Oyster Creek, which winds through the District.

Community facilities are available in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities, and other retail and service establishments, are located within one-half mile of the District along and adjacent to US Highway 90A and State Highway 6. Fire and police protection are provided by the City of Sugar Land. Children residing within the District attend schools within the Fort Bend Independent School District.

REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND

The City and Cherokee Sugar Land, L.P. (“Cherokee”) entered into a Redevelopment Agreement on June 26, 2007; the Development Manager (as development manager for Cherokee and the GLO, hereinafter defined), the City and the District entered into a First Amendment to the Redevelopment Agreement dated October 5, 2010; a Second Amendment to the Redevelopment Agreement dated January 28, 2014, and a Third Amendment to the Redevelopment Agreement dated May 3, 2016 (the Redevelopment Agreement and all amendments collectively referred to as the “Redevelopment Agreement”). Certain provisions of the Redevelopment Agreement have been assigned to Imperial Market Development, LLC, a Texas limited liability company, the developer of the Imperial Market, as defined in the Redevelopment Agreement.

The Redevelopment Agreement was entered into to facilitate redevelopment of the property within the boundaries of the District, particularly the area described as the Imperial Market. The Imperial Market consists of a 26.7 acre tract which includes the Imperial Market, a mixed use development that incorporates the historic structures of the former Imperial Sugar Company refinery. See THE DEVELOPERS AND MAJOR LANDOWNERS.” The Redevelopment Agreement is effective until the expiration of the term of the TIRZ, which is 2042.

In order to effectuate such redevelopment the parties agreed to the following:

- The City consented to the creation of the District and approved the general land use plan.
- The City designated the Tax Increment Reinvestment Zone No. 3 (the “TIRZ”) overlaying the District and agreed to participate in the TIRZ in an amount equal to fifty percent (50%) of ad valorem taxes and ½ of its two cents of sales and use taxes collected within the TIRZ.
- The Development Manager on behalf of the Landowners conveyed property to the City for construction of Constellation Field, an Atlantic League ball field within the District and the City contributed \$10,000,000 for public infrastructure and parking facilities to serve Constellation Field to be reimbursed from District bond proceeds.

- The District will pay and/or reimburse the City for the District's share of an extension of University Boulevard, a thoroughfare in the District, which share is estimated to be \$14.9 million (a portion of which has been paid from the Outstanding Tax Bonds and the Contract Revenue Bonds).
- The District must use the value generated in the Imperial Market to determine the feasibility of reimbursement to the developer of the Imperial Market only until such developer is fully reimbursed.
- The District may not issue bonds payable from TIRZ Revenues or ad valorem tax road bonds (with certain exceptions including payments to the City for University Boulevard and Constellation Field) until certain development thresholds are met by the developer of the Imperial Market.
- All proceeds of the District's bond issues (and other revenues that are available for reimbursement and not necessary for operation and maintenance of the District or debt service on District bonds) must be applied per the priorities described in the Redevelopment Agreement.
- The District may not use the value in the Imperial Market to determine the feasibility of reimbursement to any other developer in the District, except for the developer of the Imperial Market. The District must make a good faith effort to maximize TIRZ revenues to reimburse those projects that can only be reimbursed with TIRZ revenues (as opposed to ad valorem taxes).
- The District must use bond proceeds to make payments to the City by certain dates, assuming values exist in the District to feasibly issue such bonds.
- No residential development (including multi-family) may be built in the Imperial Market until the developer of the Imperial Market provides funding to construct certain public and private infrastructure.

Any major deviation from the terms of the Redevelopment Agreement by the Development Manager or the District may be considered a material breach of the Redevelopment Agreement and may adversely affect development in the District. In addition, the Redevelopment Agreement limits residential development (including multi-family developments) in Imperial Market and certain types of District bond issuances until the Imperial Market developer has provided funding and construction has started on certain public and private infrastructure to support non-residential development in Imperial Market, including renovations to the historical structures and a parking garage. To date, this has not occurred, and the District can give no assurance when and if such requirements will be met. Failure to meet these requirements may adversely affect development in the District.

TAX INCREMENT REINVESTMENT ZONE

By Ordinance No. 1667, dated December 18, 2007, the City created the Reinvestment Zone Number Three, City of Sugar Land (the "TIRZ") and adopted the Final Project Plan and Reinvestment Zone Financing Plan (the "TIRZ Plan") for a term of thirty years. By Ordinances No. 1888, dated February 5, 2013, and No. 2064, dated August 16, 2016 (all ordinances collectively referred to as the "TIRZ Ordinances"), the City extended the term of the TIRZ to 2042 and amended the TIRZ Plan. The TIRZ covers approximately 839.4 acres, consisting of all the acreage in the District and some additional non-taxable right-of-way property. The TIRZ is intended to facilitate a program of public improvements to allow the development of a planned mixed use community within the District with single family residential, a hotel/conference center, recreational facilities, a sports stadium, museums and other arts and entertainment venues, land, associated parking, related water, sewer, drainage and road infrastructure, and the preservation and/or reuse of certain historic structures at the Imperial Sugar Company site (the "Project").

The City and the County have agreed to deposit to a special tax increment fund established by the City (the "Tax Increment Fund") the Tax Increment Payments (described herein) arising from the TIRZ. Pursuant to Chapter 311, Texas Tax Code, as amended, a taxing unit's tax increment for a year (a "Tax Increment") is the amount of property taxes levied by the unit for that year on the captured appraised value of real property taxable by the unit and located in a reinvestment zone. Captured appraised value is the total appraised value of all real property taxable in the unit and located in a reinvestment zone less the tax increment base of the unit. The tax increment base of a taxing unit (the "Tax Increment Base") is the total appraised value of all real property taxable in the unit and located in a reinvestment zone for the year in which the zone was designated or as otherwise agreed. The sales tax increment is the amount of municipal sales and use taxes attributable to the reinvestment zone above the sales tax base. The sales tax base is the amount of municipal sales and use taxes attributable to the zone from the year in which the zone was designated.

Pursuant to the TIRZ Ordinances, the City's Tax Increment is 50% of its real property taxes collected on the City's taxable value within the TIRZ in excess of the City's base taxable value as of January 1, 2007 which is \$5,602,490, and one-half cent of the City's two-cent sales taxes actually collected within the Sales Tax Collection Area (as defined in the TIRZ Plan) in excess of the sales tax base. The latter is to be used only for certain parking facilities. The City and County entered into an Interlocal Agreement dated September 3, 2013 in which the County agreed to participate in the TIRZ. The County's Tax Increment is 50% of all real property taxes collected on the County's taxable value within the TIRZ in excess of the County's base taxable value in the TIRZ which is \$11,762,870. The City, the TIRZ and the District have entered into an agreement dated August 16, 2016 (but effective December 18, 2007) to effectuate the TIRZ Plan (the "Tri-Party Agreement") and distribute the Tax Increment Fund. **THE TAX INCREMENT PAYMENTS ARE NOT PLEDGED TO PAYMENT OF THE BONDS.**

Per the Tri-Party Agreement, the District shall use the Tax Increment Fund generated by the TIRZ to implement the TIRZ Plan. The Tri-Party Agreement authorizes the District to issue contract revenue bonds payable from TIRZ Revenues for eligible Projects in the TIRZ Plan. It is estimated that the Tax Increments will support approximately 24% of the total Project Costs of the TIRZ. It is intended that the balance of Project Costs will be paid for with proceeds of the District's unlimited tax bonds, including the Bonds. SEE "RISK FACTORS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

Certain TIRZ Projects may not be legally paid for at this time using District ad valorem tax revenues and may only be paid for using Tax Increment (particularly structured parking, demolition and remediation costs of the historic structures and economic development projects). The District has agreed in its Redevelopment Agreement with the City to structure its financings to maximize and ensure that Tax Increment will be used in a manner that will permit the maximum amount of the TIRZ Project costs that can only be legally reimbursed with Tax Increment Revenues to be reimbursed with those revenues.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are appointed by the City for four-year staggered terms. One of the Directors listed below resides within the District. The directors and officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
William Little	President	September 1, 2018
Dennis Parmer	Vice President	September 1, 2020
Tim Stubenrouch	Secretary	September 1, 2018
Pritesh Shah	Assistant Vice President	September 1, 2018
James A. Thompson	Assistant Secretary	September 1, 2020

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

Tax Assessor/Collector

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

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

System Operator

The City operates the facilities serving the District.

Engineer

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

Attorney

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

Financial Advisor

Hilltop Securities Inc. (the "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.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the Commission. The District's audited financial statements for the fiscal year ending November 30, 2017 have been prepared by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's November 30, 2017 audited financial statements.

THE DEVELOPERS AND MAJOR LANDOWNERS

Role of a Developer

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

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

Cherokee Sugar Land L.P. and General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund

The majority of the undeveloped land in Imperial is owned by Cherokee Sugar Land, L.P. ("Cherokee"), a Delaware limited partnership and the General Land Office on behalf of the State of Texas for the benefit of the Permanent School Funds (the "GLO") (collectively, referred to as the "Landowners"). Cherokee was formed for the sole purpose of owning and developing the 746 acres of land in the District. Imperial Johnson, LLC acts as Development Manager for the Landowners. See "—Development Management" below.

Imperial Market Development, LLC

Imperial Market Development, LLC, a Texas limited liability company, is the owner and developer of approximately 21 acres of land in the District which is being marketed as Imperial Market, a mixed use development that incorporates the historic structures of the former Imperial Sugar Company refinery.

Meritage Homes of Texas LLC

In 2014, Meritage Homes of Texas LLC, an Arizona limited liability company (“Meritage”) purchased 127 acres from the Landowners to develop such acreage as single family lots. Meritage began developing such acreage as Crown Garden at Imperial in 2015. Meritage is also a homebuilder in Crown Garden at Imperial. Meritage does not own any undeveloped land in the District.

Sueba Development 122 LP

In 2012, Sueba Development 122 LP, a Texas limited partnership (“Sueba”) purchased 8.5 acres from the Landowners and developed such acreage as a multi-family apartment complex, Imperial Lofts. In January 2018, Sueba sold Imperial Lofts to an unaffiliated third party. In 2016, an affiliate of Sueba purchased approximately 4 acres in “Imperial Market” from Imperial Market Development, LLC, which has not been developed at this time.

Cherokee, Imperial Market Development, LLC, Meritage, and Sueba are collectively referred to herein as the “Developers.”

Development Management

Imperial Johnson LLC, an affiliate of the Johnson Development Corporation is the Development Manager for the Landowners. Imperial Johnson is referred to herein as the “Development Manager.”

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

The District cautions that the development experience of the Developers and The Johnson Development Corp. may not have been gained in similar markets and under similar circumstances than exist today, and such prior success is no guarantee that the Developers will be successful in the development of land in the District.

ROAD SYSTEM

Two major thoroughfares, Imperial Boulevard and Stadium Drive (an extension of University Boulevard), currently exist within the District’s boundaries. Both roadways are included on the City’s and/or Fort Bend County’s thoroughfare plan. Imperial Boulevard and Stadium Drive have been accepted for ownership, operation, and maintenance by the City.

All roadways are designed and constructed in accordance with Fort Bend County (the “County”) and City of Sugar Land, Texas standards, rules and regulations. Upon acceptance by the City or the Texas Department of Transportation Commission (“TxDOT”), as applicable, of roadways or roadway facilities, the City or TxDOT, as applicable, is responsible for operation and maintenance thereof.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are located within the right-of-way. The right-of-way is also shared by street lights, sidewalks and franchise utilities (power, gas, telephone and cable).

UTILITY AGREEMENT WITH CITY OF SUGAR LAND

All land in the District is located within the corporate limits of the City of Sugar Land. The City of Sugar Land and Cherokee Sugar Land, L.P. (on behalf of the District) have entered into the Utility Agreement, dated June 26, 2007, which obligates the District to acquire, construct and extend water, wastewater and storm drainage facilities (the “System”) to serve land in the District and, when completed in accordance with plans and specifications approved by the City of Sugar Land, to convey title to such utility facilities to the City of Sugar Land. The Utility Agreement has been assigned by Cherokee to the District. The City of Sugar Land will then operate and maintain such facilities, and be responsible for establishing water and sewer rates and collection charges for water and sewer service from District customers. The District will sell bonds to provide for the construction of the System.

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the District will be in a position to receive services from the System; however, the District’s obligation to extend the System is conditioned upon continued development within the District, the City of Sugar Land’s performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District and the Commission, and Commission approval and the ability of the District to sell bonds.

During the term of the Utility Agreement, the City is required to supply the District all of its requirements for water supply and wastewater treatment capacities as described in the TIRZ Plan. The Utility Agreement further requires the Developers or District to pay the City of Sugar Land a capital recovery charge (the “City Connection Charge”) to purchase water supply and wastewater treatment capacity in the City of Sugar Land’s existing system. The City Connection Charge is set by the City of Sugar Land and may be amended without the District’s consent at any time. See “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM.”

WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM

Regulation

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

Water Supply and Wastewater Treatment

District residents receive water and wastewater treatment service from the City of Sugar Land pursuant to a Utility Agreement between the District and the City of Sugar Land. As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend the System to serve land in the District and, when completed in accordance with approved plans and specifications, to convey title to the System to the City of Sugar Land. The City of Sugar Land then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services.

Drainage System

100-Year Flood Plain: According to the Engineer, approximately 400 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map dated April 2, 2014. Fill has been placed on a majority of the land in the flood plain, including the lots in Quiet Cove, Silent Manor and Crown Garden subdivisions, to remove such land from the flood plain. By five Letters of Map Revision for Fill (“LOMR-F”) dated November 19, 2013, November 25, 2014, April 6, 2015, December 30, 2015 and August 18, 2017 and a Letter of Final Determination for the Letter of Map Revision (“LOMR”) dated April 29, 2016, approximately 179 acres have been removed from the 100 year flood plain designation. Currently, the District has approximately 221 acres of land in the floodplain. See “RISK FACTORS – Acts of Nature; Hurricane Harvey.”

USE AND DISTRIBUTION OF BOND PROCEEDS

A portion of the proceeds from the sale of the Bonds will be used to pay for the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds. The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$4,854,174 is estimated for construction costs, and \$1,200,826 is estimated for nonconstruction costs, including six months of capitalized interest.

CONSTRUCTION COSTS

• Imperial Lift Station No. 2.....	\$ 490,840
• Imperial Lift Station No. 3.....	663,826
• Center Point Energy Fees.....	4,340
• Geotechnical, Engineering, and SWPPP Fees.....	234,894
• Land Costs.....	3,460,374
Total Construction Costs.....	\$ 4,854,274

NON-CONSTRUCTION COSTS

• Legal Fees.....	\$ 161,100
• Financial Advisory Fees.....	118,463
• Capitalized Interest (six months).....	151,375
• Developer Interest (estimated).....	228,885
• Land Appraisal Cost.....	15,729
• Bond Issuance Expenses.....	39,906
• Underwriter's Discount (3%).....	181,650
• TCEQ Bond Issuance Fee (0.25%).....	15,138
• Developer Advances.....	234,925
• Bond Application Report.....	47,500
• Attorney General Fee.....	6,055
• Surplus Funds (a).....	-
Total Non-Construction Costs.....	\$ 1,200,726
TOTAL BOND ISSUE REQUIREMENT.....	\$ 6,055,000

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

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/08/2011	Water, Sanitary Sewer and Drainage (“WS&D”) and Refunding	\$185,600,000	\$8,555,000*	\$177,045,000
11/08/2011	Roads and Refunding	\$251,900,000	\$12,135,000	\$239,765,000
11/08/2011	Recreational and Refunding	\$83,167,000	\$-0-	\$83,167,000
11/08/2011	Parking and Refunding (**)	\$138,600,000	\$-0-	\$138,600,000
11/08/2011	Economic Development and Refunding (**)	\$51,200,000	\$-0-	\$51,200,000

* Includes the Bonds.

** Current law does not authorize the District to issue unlimited tax bonds for parking facilities or economic development purposes. See “THE BONDS—Issuance of Additional Debt.”

FINANCIAL STATEMENT

2017 Certified Taxable Assessed Valuation.....	\$185,063,516(a)
Estimated Taxable Assessed Valuation as of January 1, 2018	\$221,013,676(b)

District Debt:

Outstanding Bonds (as of March 15, 2018).....	\$14,635,000(c)
The Bonds	<u>6,055,000</u>
Gross Debt Outstanding (after issuance of the Bonds)	\$20,690,000

Ratio of Gross Debt to 2017 Certified Taxable Assessed Valuation.....	11.18%
Ratio of Gross Debt to Estimated Taxable Assessed Valuation as of January 1, 2018	9.36%

Area of District — 746 acres
Estimated 2018 Population – 1,650(d)

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on January 1, 2018. 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) Excludes the District’s Contract Revenue Bonds payable solely from amounts received from the City’s Tax Increment Fund. See “Tax Increment Reinvestment Zone.”
- (d) Estimate based on 3.5 persons per occupied home and 2 persons per multi-family unit.

Cash and Investment Balances (unaudited as of February 15, 2018)

General Fund	Cash and Temporary Investments	\$923,740
Water, Sewer and Drainage Capital Projects Fund	Cash and Temporary Investments	\$191,750
Water, Sewer and Drainage Debt Service Fund	Cash and Temporary Investments	\$172,643 (a)(b)
Road Capital Projects Fund	Cash and Temporary Investments	\$243,212
Road Debt Service Fund	Cash and Temporary Investments	\$839,955 (a)
TIRZ Revenue Fund	Cash and Temporary Investments	\$235,534 (c)

- (a) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Unlimited Tax Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities (the "Road Bonds"), and a pro rata portion will be allocated to bonds sold for water, sewer and drainage facilities including the Bonds (the "Water, Sewer and Drainage Bonds"). See "FINANCIAL STATEMENT—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds and the Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds.
- (b) Approximately six (6) months of capitalized interest will be deposited into the Water, Sewer and Drainage Debt Service Fund from Bond proceeds.
- (c) The Contract Revenue Bonds are payable solely from funds in the City's Tax Increment Fund transferred to the District. They are not payable from ad valorem taxes levied by the District and their issuance does not affect the source of payment of the Bonds or the Outstanding Unlimited Tax Bonds.

Outstanding Bonds

Series	Original Principal Amount	Outstanding Bonds (as of 3/15/18)
2016 (a)	\$ 12,135,000	\$ 12,135,000
2017	2,500,000	2,500,000
Total	\$ 14,635,000	\$ 14,635,000

- (a) In addition, the District has issued \$4,980,000 principal amount of Contract Revenue Bonds, all of which is outstanding, which are payable solely from amounts received from the City's Tax Increment Fund. Owners of the Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. See "TAX INCREMENT REINVESTMENT ZONE."

ESTIMATED OVERLAPPING DEBT STATEMENT

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

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Overlapping</u>	
			<u>Percent</u>	<u>Amount</u>
Fort Bend County	\$570,680,527	12/31/17	0.29%	\$1,654,974
Fort Bend Independent School District	950,168,767	12/31/17	0.49%	4,655,827
City of Sugar Land	337,278,169	12/31/17	1.42%	<u>4,789,350</u>
Total Estimated Overlapping Debt				\$11,100,151
The District (a)	20,690,000	current	100.00%	<u>20,690,000</u>
Total Direct and Estimated Overlapping Debt				\$31,790,151
Ratio of Total Direct and Estimated Overlapping Debt to:				
2017 Certified Taxable Assessed Valuation.....				17.18%
Estimated Taxable Assessed Valuation as of January 1, 2018				14.38%

(a) Includes the Bonds, but does not include the Contract Revenue Bonds.

Overlapping Tax Rates for 2017

	<u>Tax Rate Per \$100 Appraised Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.46900
Fort Bend Independent School District	1.32000
City of Sugar Land	<u>0.31762</u>
Total Overlapping Tax Rate.....	\$ 2.10662
The District.....	<u>1.10000</u>
Total Tax Rate.....	\$ 3.20662

TAX DATA

Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total (a) Tax Levy	Total Collections As of 1/31/2018 (b)	
				Amount	Percent
2013	\$11,833,961	\$ 1.10	\$ 130,174	\$ 130,174	100.00%
2014	24,908,666	1.10	273,995	273,995	100.00%
2015	54,224,714	1.10	596,472	593,838	99.56%
2016	100,715,417	1.10	1,107,870	1,103,632	99.62%
2017	185,063,516	1.10	2,035,699	1,935,746	95.09%

(a) Initial tax levy in 2013.

(b) Unaudited.

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

Tax Rate Distribution

	2017	2016	2015	2014	2013
Debt Service	\$ 0.55	\$ 0.55	\$ -	\$ -	\$ -
Maintenance	0.55	0.55	1.10	1.10	1.10
Total	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: \$1.50 per \$100 assessed valuation.

Maintenance and Operations for Roads: \$0.25 per \$100 assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2017 tax year, the District levied a debt service tax of \$0.55 per \$100 assessed valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 8, 2011, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. In addition, on November 8, 2011, the Board was authorized to also levy a maintenance tax for operation and maintenance of roads in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds. For the 2017 tax year, the District levied a tax for maintenance and operations in the amount of \$0.55 per \$100 assessed valuation. The District has not levied a tax for road maintenance.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2017, the District granted a \$20,000 homestead exemption for persons over 65 or disabled and a 5% homestead exemption.

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2017 certified tax roll. A principal taxpayer lists for the Estimated Taxable Assessed Valuation as of January 1, 2018 is not available.

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of 2017 Taxable Assessed Value</u>
Sueba Development 122 LP (a), (b)	\$ 25,115,010	13.57%
CRP-GREP Overture Sugarland Owner LP	14,383,670	7.77%
Meritage Homes of Texas LLC (b)	14,019,870	7.58%
Nalco Company	11,219,510	6.06%
CDCG 3 MTH Imperial LP	4,346,260	2.35%
Partners in Building LP	4,224,530	2.28%
Cherokee Sugar Land LP (b)	3,975,570	2.15%
Mountainprize Inc.	1,638,150	0.89%
Imperial Market Development LLC (b)	1,500,840	0.81%
Homeowner	1,229,610	0.66%
Total	\$ 81,653,020	44.12%

(a) Value attributable to multi-family apartment complex. In January 2018, Sueba sold the Imperial Lofts apartment complex to an unaffiliated third party. The value of the remaining 4 acres owned by an affiliate of Sueba totaling \$261,170 is not shown in this table.

(b) See "THE DEVELOPERS AND MAJOR LANDOWNERS."

Summary of Assessed Valuation

The following summary of the 2017, 2016 and 2015 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the certified 2017, 2016 and 2015 tax rolls of the District. A breakdown of the Estimated Taxable Assessed Valuation as of January 1, 2018 is not available from the Appraisal District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	<u>2017 Taxable Assessed Valuation</u>	<u>2016 Taxable Assessed Valuation</u>	<u>2015 Taxable Assessed Valuation</u>
Land	\$ 68,185,440	\$ 50,483,430	\$ 41,624,560
Improvements	131,255,140	60,972,680	25,014,750
Personal Property	1,885,368	775,289	88,019
Exemptions	(16,262,432)	(11,515,982)	(12,502,615)
Total Taxable Assessed Valuation	\$ 185,063,516	\$ 100,715,417	\$ 54,224,714

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2017 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of January 1, 2018, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements on the Bonds and the Outstanding Unlimited Tax Bonds.

Average annual debt service requirement (2019-2043).....	\$1,201,971
\$0.69 tax rate on the 2017 Certified Taxable Assessed Valuation of \$185,063,516 at a 95% collection rate produces	\$1,213,091
\$0.58 tax rate on the Estimated Taxable Assessed Valuation as of January 1, 2018 of \$221,013,676 at a 95% collection rate produces	\$1,217,785

No representation or suggestion is made that the estimates of values of land and improvements provided by the Appraisal District as of January 1, 2018 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call an election to grant such an exemption upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$3,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A

veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential 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 the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. In 2017, the District granted an exemption of 5% on residential homesteads. See "TAX DATA."

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

Tax Abatement

The City of Sugar Land, Texas has designated all of the area within the District as a reinvestment zone. Fort Bend County, the District, and the City of Sugar Land, Texas, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Pursuant to the terms of the Tri-Party Agreement between the City, TIRZ and the District, absent written consent of the District, the City will not grant tax abatements that reduce the amount of the City's Tax Increment; however, the City may grant tax incentives using ad valorem taxes or sales tax revenues that are not part of the Tax Increment to be collected by the TIRZ.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each

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

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2017." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

GENERAL FUND

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. The City operates the water and sewer system that serves the District, so the District collects no net revenues from operating a system. Such summary is based upon information obtained from the District's audited financial statements. Reference is made to such statements and records for further and more complete information.

	Fiscal Year Ended November 30			
	2017 (a)	2016	2015	2014
REVENUES:				
Property Taxes	\$ 544,568	\$ 591,188	\$ 274,084	\$ 130,356
Penalties and Interest	-	-	137	-
Investment Earnings	644	323	129	-
Intergovernmental Contribution	-	-	-	-
TOTAL REVENUES	\$ 545,212	\$ 591,511	\$ 274,350	\$ 130,356
EXPENDITURES:				
Professional Fees	\$ 346,798	\$ 257,007	\$ 155,442	\$ 128,891
Contracted Services	17,438	10,459	18,990	17,669
Repairs and Maintenance	8,650	-	-	-
Utilities	48,746	65,971	65,131	48,918
Administrative	35,044	23,270	17,731	20,545
Other	2,965	945	597	1,030
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	\$ 459,641	\$ 357,652	\$ 257,891	\$ 217,053
NET REVENUES	\$ 85,571	\$ 233,859	\$ 16,459	\$ (86,697)
Internal transfers	49,322	3,000	-	-
Developer Advances	-	-	-	83,000
FUND BALANCE, BEGINNING OF YEAR	\$ 260,018	\$ 23,159	\$ 6,700	\$ 10,397
FUND BALANCE, END OF YEAR	\$ 394,911	\$ 260,018	\$ 23,159	\$ 6,700

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements on the Outstanding Unlimited Tax Bonds and the estimated debt service requirements for the Bonds at an estimated interest rate of 3.75% per annum.

Year	Outstanding Bonds Debt Service	Debt Service on the Bonds			Debt Service
	<u>Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Requirements</u>
2018	\$ 757,019	\$ -	\$ 113,531	\$ 113,531	\$ 870,550
2019	889,975	180,000	223,688	403,688	1,293,663
2020	896,381	185,000	216,844	401,844	1,298,225
2021	897,288	190,000	209,813	399,813	1,297,100
2022	902,756	195,000	202,594	397,594	1,300,350
2023	886,169	200,000	195,188	395,188	1,281,356
2024	887,469	205,000	187,594	392,594	1,280,063
2025	888,144	210,000	179,813	389,813	1,277,956
2026	893,094	215,000	171,844	386,844	1,279,938
2027	897,344	220,000	163,688	383,688	1,281,031
2028	896,019	225,000	155,344	380,344	1,276,363
2029	898,800	230,000	146,813	376,813	1,275,613
2030	905,213	235,000	138,094	373,094	1,278,306
2031	905,166	240,000	129,188	369,188	1,274,353
2032	908,588	245,000	120,094	365,094	1,273,681
2033	910,750	250,000	110,813	360,813	1,271,563
2034	911,975	255,000	101,344	356,344	1,268,319
2035	911,878	260,000	91,688	351,688	1,263,566
2036	915,353	265,000	81,844	346,844	1,262,197
2037	912,769	270,000	71,813	341,813	1,254,581
2038	914,063	275,000	61,594	336,594	1,250,656
2039	919,053	280,000	51,188	331,188	1,250,241
2040	917,866	285,000	40,594	325,594	1,243,459
2041	920,500	290,000	29,813	319,813	1,240,313
2042	102,000	325,000	18,281	343,281	445,281
2043	-	325,000	6,094	331,094	331,094
Total	\$ 21,645,628	\$ 6,055,000	\$ 3,219,188	\$ 9,274,188	\$ 30,919,816

Average Annual Debt Service Requirements (2019-2043)\$1,201,971

Maximum Annual Debt Service Requirements (2022).....\$1,300,350

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, Texas, or any other political entity other than the District, will be secured by a continuing, direct, 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.

Acts of Nature; Hurricane Harvey

The value of taxable property within the District could be adversely affected by one or more acts of nature, including hurricanes and other tropical storms, tornadoes, earthquakes, and other sudden earth movements and climatic events. Any such event could damage taxable property, affect the economic strength of the region, and reduce the assessed value of taxable property within the District. A substantial reduction in the value of taxable property within the District could result in a substantial increase in the District's tax rate (which could affect the willingness or ability of property owners to pay property taxes) or a substantial reduction in the balance of the District's Debt Service Fund. (Since the District conveys the water and sewer system it constructs to the City following completion of construction, the City is responsible for any repairs to the water and sewer system needed as a result of a hurricane or other act of nature.)

The region within which the District is located is susceptible to hurricanes and other tropical storms. The region sustained widespread flooding as a result of Hurricane Harvey, which reached landfall on the Texas coast on August 25, 2017, and produced record rainfall over the succeeding four days. Although Hurricane Harvey did no material damage to taxable property within the District, there can be no assurance that future events will not cause substantial damage within the District.

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

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates, at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and a decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes, multifamily, retail and commercial development in the District, which is approximately 30 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Landowner Obligation to the District

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

Requirements under Redevelopment Agreement

The Redevelopment Agreement prohibits any residential development (including multi-family) from being built in Imperial Market (an approximately 26 acre tract) until the Imperial Market developer provides funding and construction commences on certain public and private infrastructure to support non-residential development in Imperial Market, including renovations to the historical structures and a parking garage. To date, this has not occurred, and the District can give no assurance when and if such requirements will be met. See "Redevelopment Agreement with City of Sugar Land."

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 2017 Certified Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT") is \$185,063,516. After issuance of the Bonds, the maximum annual debt service requirement will be \$1,300,350 (2022) and the average annual debt service requirement will be \$1,201,971 (2019-2043). Assuming no increase or decrease from the 2017 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 \$1,300,350 and a tax rate of \$0.69 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,201,971. See "DEBT SERVICE REQUIREMENTS." The Estimated Taxable Assessed Valuation as of January 1, 2018 within the District is \$221,013,676. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of January 1, 2018 and no use of funds other than tax collections, tax rates of \$0.62 and \$0.58 per \$100 assessed valuation would be necessary to pay the maximum annual requirement and average annual requirement, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Outstanding Unlimited Tax Bonds and the Bonds based upon the 2017 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of January 1, 2018, 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 the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Dependence on Major Taxpayers and the Developers

The ten principal taxpayers represent \$81,653,020 (44.12%) of the 2017 Taxable Assessed Valuation of \$185,063,516. Sueba Development 122 LP (apartment complex) represents \$25,115,010 (13.57%). This represents ownership as of January 1, 2017. In January 2018, Sueba sold the Imperial Lofts apartment complex to an unaffiliated third party which will become the principal taxpayer in the District. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of January 1, 2018 (\$221,013,676) is currently not available. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus available for payment of its debt, the ability of the District to make timely payment of debt service would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could force the District to levy a high tax rate to pay principal and interest on its debt, thereby hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations" in this section, "TAX DATA—Principal Taxpayers," "TAX PROCEDURES—Levy and Collection of Taxes."

Future Debt

The District reserves the right to issue the remaining \$177,045,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds, \$239,765,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, including improvements in aid thereof, and the refunding of such bonds. \$83,167,000 principal amount of unlimited tax bonds for acquiring or constructing recreational facilities and refunding of such bonds, \$138,600,000 principal amount of unlimited tax bonds for parking facilities and refunding of such bonds, and \$51,200,000 principal amount of unlimited tax bonds for economic development and refunding of such bonds. See “THE BONDS—Issuance of Additional Debt,” “ROAD SYSTEM,” AND “THE WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM.” Under current law, the District does not have the legal authority to issue bonds payable from ad valorem taxes for parking facilities or economic development projects, but intends to issue contract revenue bonds payable from the City’s Tax Increment Fund, as described below.

The District has entered into a contract with the City and the Board of Directors of Reinvestment Zone Number Three City of Sugar Land (the “TIRZ”) pursuant to which the District will assist in implementing the Final Project Plan and Reinvestment Zone Financing Plan (the “TIRZ Plan”) adopted by the TIRZ and approved by the City. Pursuant to such TIRZ Plan, the District will finance public improvements to allow development within the TIRZ, consisting of all the acreage in the District and some additional non-taxable right-of-way property. The District will finance the public improvements through (i) the issuance of unlimited tax bonds, including the Bonds, and (ii) the issuance of contract revenue bonds (the “Contract Revenue Bonds”), which are payable from funds in the City’s Tax Increment Fund transferred to the District. The City deposits to the Tax Increment Fund a portion of the tax collections the City and Fort Bend County, Texas (the “County”) receive within the boundaries of the TIRZ.

The TIRZ Plan provides for \$39,495,000 in public improvements to be financed through Contract Revenue Bonds, and \$131,445,000 in public improvements to be financed through the District’s unlimited tax bonds. After reimbursement of the Development Manager on behalf of the Landowners from proceeds of the Bonds, the District will continue to owe the Landowners, Developers and the City approximately \$72,000,000 plus interest for public improvements expected to be financed through the District’s unlimited tax bonds, and approximately \$11,000,000 plus interest for public improvements expected to be financed through the District’s Contract Revenue Bonds.

The District has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution.

If additional bonds payable from taxes are issued in the future and property values have not increased proportionately, such issuance may increase gross tax-supported debt/property valuation ratios and adversely affect the investment quality or 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 tax-supported 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 Directors of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities, but not roads or facilities in aid thereof, or recreational facilities must be approved by the Commission.

The District issued its first series of Contract Revenue Bonds in the amount of \$4,980,000 on October 27, 2016 (the “Outstanding Contract Revenue Bonds”), all of which is outstanding. Contract Revenue Bonds are payable solely from funds in the City’s Tax Increment Fund transferred to the District. They are not payable from ad valorem taxes levied by the District and their issuance does not affect the source of payment of the Bonds.

Tax Collections Limitations and Foreclosure Remedies

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal

Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement with the Initial Purchaser 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.

Environmental Regulation

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/Greenhouse Gas 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 area (“HGB area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—was designated by the EPA in 2008 as a severe ozone nonattainment area under the 1997 “eight-hour” ozone standards (“the 1997 Ozone Standards”). In December 2015, the EPA determined that the HGB area has reached attainment under the 1997 Ozone Standards, and in May 2016, the EPA issued a proposed rule approving Texas’s redesignation substitute demonstration for the HGB area. However, until the EPA issues a final ruling, the HGB area is still subject to anti-backsliding obligations and nonattainment new source review requirements associated with the 1997 Ozone Standards.

In 2008, the EPA lowered the ozone standard from 80 parts per billion (“ppb”) to 75 ppb (“the 2008 Ozone Standard”), and designated the HGB area as a marginal ozone nonattainment area, effective July 20, 2012. Such nonattainment areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA’s 2008 Ozone Standard is met. The HGB area did not reach attainment under the 2008 Ozone Standard by the 2016 deadline, and on September 21, 2016, the EPA proposed to reclassify the HGB area from marginal to moderate under the 2008 Ozone Standard. If reclassified, the HGB area’s 2008 Ozone Standard attainment deadline must be met as expeditiously as practicable, but in any event no later than July 20, 2018. If the HGB area fails to demonstrate progress in reducing ozone concentration or fails to meet the EPA’s 2008 Ozone Standard, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

On October 1, 2015, the EPA lowered the ozone standard from 75 ppb to 70 ppb (“the 2015 Ozone Standard”). On August 3, 2016, the TCEQ recommended to the EPA that all counties designated as nonattainment for the 2008 Ozone Standard be designated nonattainment for the 2015 Ozone Standard as well, which will impose additional ozone-reduction obligations on the HGB area. This could make it more difficult for the HGB area to demonstrate progress in reducing ozone concentration.

In order to comply with the EPA’s ozone standards for the HGB area, the TCEQ has established a state implementation plan (“SIP”) 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. It is possible that additional controls will be necessary to allow the HGB area to reach attainment 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) public water supply systems, (2) waste water discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) on February 19, 2013. The TPDES Construction General Permit became effective on March 5, 2013, and 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 must establish the total maximum allowable daily load (“TMDL”) of certain pollutants into the water bodies. The TMDLs that municipal utility districts may discharge may have an impact on the municipal utility district’s ability to obtain and maintain TPDES permits.

On May 27, 2015, the EPA and the United States Army Corps of Engineers (“USACE”) jointly issued a final version of the Clean Water Rule (“CWR”), which expands the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The final rule became effective on August 28, 2015. On October 9, 2015, the United States Court of Appeals for the Sixth Circuit put the CWR on hold nationwide. On January 22, 2018, the United States Supreme Court held that challenges to the CWR must proceed in federal district court as they do not fall within one of the CWA’s enumerated categories of EPA actions for which the federal courts of appeal have jurisdiction. On February 6, 2018, the states of Texas, Louisiana, and Mississippi filed a lawsuit in federal district court seeking an injunction enjoining the implementation and enforcement of the CWR.

On June 27, 2017, the EPA and the USACE released a proposed rule rescinding the CWR, reinstating language in place before 2015 changes, and proposing the development of a revised definition of “waters of the United States.” This proposed rule was published in the Federal Register on July 27, 2017, the comment period ended on September 28, 2017, and comments are currently under review by the agencies. The EPA plans to issue a proposed new regulation in the spring of 2018, and finalize the revised rule by the end of 2018. On January 31, 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR by two years from the date the rule is published in the Federal Register, until 2020. In response, a coalition of states filed a lawsuit in the U.S. District Court for the Southern District of New York alleging the EPA violated the Administrative Procedure Act by enacting this rule without the customary 30-day comment period. If the CWR is not rescinded, operations of municipal utility districts, including the District, are potentially subject to additional restrictions and requirements, including permitting requirements, if construction or maintenance activities require the dredging, filling or other physical alteration of jurisdictional waters of the United States or associated wetlands that are within the “waters of the United States.”

The TCEQ renewed the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on December 13, 2013. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The renewed MS4 Permit impacts a much greater number of MS4s that were not previously subject to the MS4 Permit and contains more stringent requirements than the standards contained in the previous MS4 Permit. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop and implement the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the renewed MS4 Permit.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations:

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

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

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

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT—General,” “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND,” “TAX INCREMENT REINVESTMENT ZONE,” “UTILITY AGREEMENT WITH CITY OF SUGAR LAND,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

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 Internal Revenue Code of 1986.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by _____ (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

Securities Laws

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned an underlying rating of "___" to the Bonds. An explanation of the rating may be obtained from Moody's. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser.

Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. The rating fees of Moody's will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Hilltop Securities Inc. 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, Hilltop Securities Inc. 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" – the Developers, LJA Engineering, Inc. ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS AND MAJOR LANDOWNERS" – Developers; "ROAD SYSTEM" – Engineer; "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" – Records; "FINANCIAL STATEMENT" – Fort Bend Central Appraisal District and Tax Tech, Inc., Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" – Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" – Tax Tech, Inc.; "MANAGEMENT" – District Records; "DEBT SERVICE REQUIREMENTS" – Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" – Allen Boone Humphries Robinson LLP.

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

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled “THE DISTRICT,” “ROAD SYSTEM,” and “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM” has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

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

Auditor: The District’s audited financial statements for the fiscal year ending November 30, 2017 have been prepared by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District’s November 30, 2017 audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The 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 “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED,” “FINANCIAL STATEMENT,” “TAX DATA,” “GENERAL FUND,” “DEBT SERVICE REQUIREMENTS” and in “APPENDIX A (District’s Audited Financial Statements)”. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2018. Any information concerning the District so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not complete within such period, then the District shall provide unaudited financial statements for the 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 November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

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

Availability of Information 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 through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the 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

Since it entered into its first continuing disclosure agreement in September, 2016, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Imperial Redevelopment District, as of the date shown on the cover page.

/s/ _____
President, Board of Directors
Imperial Redevelopment District

ATTEST:

/s/ _____
Secretary, Board of Directors
Imperial Redevelopment District

AERIAL PHOTOGRAPH
(January 2018)

PHOTOGRAPHS

The following photographs were taken in the District in January 2018, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.

APPENDIX A

District Audited Financial Statements for the fiscal year ended November 30, 2017