

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 24, 2020

IN THE OPINION OF SECHRIST•DUCKERS L.L.P., BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF BURNEY ROAD MUNICIPAL UTILITY DISTRICT. IN THE OPINION OF ORRICK HERRINGTON & SUTCLIFFE LLP, SPECIAL TAX COUNSEL, BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISION, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS IS EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSE OF THE FEDERAL INDIVIDUAL ALTERNATIVE MINIMUM TAX. SPECIAL TAX COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON THE BONDS. SEE "TAX MATTERS" HEREIN.

The District designated the Bonds as qualified tax-exempt obligations. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (____ Insured) . . . "____" (stable outlook)

S&P Global Ratings (Underlying) . . . "A+" (stable outlook)

See "BOND INSURANCE" and "RATINGS" herein

\$4,940,000

BURNEY ROAD MUNICIPAL UTILITY DISTRICT

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

UNLIMITED TAX REFUNDING BONDS, SERIES 2020

The \$4,940,000 Burney Road Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020, (the "Bonds") are obligations of Burney Road Municipal Utility District (the "District") and are not obligations of the State of Texas, the City of Sugar Land, Texas, Fort Bend County, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, the City of Sugar Land, Texas, or Fort Bend County, Texas, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Dated May 1, 2020

Due: September 1, as shown below

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from May 1, 2020, and is payable on September 1, 2020 (four-month interest payment), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only. The Bonds are not subject to redemption prior to maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

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

MATURITY SCHEDULE CUSIP Prefix 122250(a)

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
\$350,000	2021	%	%		\$915,000	2024	%	%	
860,000	2022				945,000	2025			
885,000	2023				985,000	2026			

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District (hereinafter defined), the Financial Advisor (hereinafter defined), nor the Underwriter (hereinafter defined) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters (as defined herein). Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed.

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

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the Attorney General of Texas and of Sechrist•Duckers LLP, Bellaire, Texas, Bond Counsel and Orrick Herrington & Sutcliffe LLP, Houston, Texas, Special Tax Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriters' Counsel. Delivery of the Bonds in book-entry form is expected on or about May __, 2020.

RBC CAPITAL MARKETS

SAMCO CAPITAL MARKETS

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized.

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.

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 the delivery of the Bonds to the Underwriters (defined herein) and thereafter only as specified herein under the caption "OFFICIAL STATEMENT - Updating of Official Statement."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Underwriters

RBC Capital Markets, LLC (“RBC”) and SAMCO Capital Markets (together, the “Underwriters”) have agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for \$_____ plus accrued interest from April 1, 2020, to the date of delivery. The obligation of the Underwriters to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

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

Prices and Marketability

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

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

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

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in

which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

BOND INSURANCE

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BOND INSURANCE RISK FACTORS

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

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

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

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

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

RATINGS

S&P Global Ratings ("Standard & Poor's") is a business unit of Standard & Poor's Financial Services LLC. Standard & Poor's is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by Standard & Poor's reflect its analysis of the overall level of credit risk involved in financings. At present Standard & Poor's assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest ratings).

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from Standard & Poor's based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Standard & Poor's is "A+" (stable outlook).

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

The District is not aware of any ratings assigned the Bonds other than the ratings of Standard & Poor's.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Burney Road Municipal Utility District (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
The Issue	Burney Road Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 (the “Bonds”), in the aggregate principal amount of \$4,955,000* are dated May 1, 2020. Interest accrues from May 1, 2020, and is payable on September 1, 2020 (four-month interest payment), and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature serially on September 1 in each of the years and in the amounts shown on the cover page of this Official Statement. The Bonds are not subject to redemption prior to maturity. See “THE BONDS.” The Bonds will be issued pursuant to a Bond Resolution (the “Bond Resolution”) adopted by the Board of Directors of the District and a pricing certificate executed pursuant thereto. The Bonds are being issued under the authority of Chapters 49 and 54, Texas Water Code, and Chapter 1207, Texas Government Code, as amended.
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. See “THE BONDS - Source of Payment,” “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and - “Maximum Impact on District Tax Rates” and “TAX DATA - Tax Rate Calculations.” The Bonds are obligations of the District, and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Sugar Land, Texas, or any entity other than the District.

* Preliminary, subject to change.

Use of Proceeds*	Proceeds of the sale of the Bonds will be applied to refund \$965,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"), \$1,430,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Refunding Bonds") and \$2,645,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"). Reference is made to such refunded bonds as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will provide present value savings in the District's debt service.
Payment Record	The District has, in addition to the Series 2007 Refunding Bonds, Series 2011 Refunding Bonds, and Series 2012 Refunding Bonds, also issued its Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"), Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2006 ("Series 2006 Bonds") and Unlimited Tax Bonds, Series 2016 ("Series 2016 Bonds"). All of such bonds previously issued by the District are hereinafter sometimes together referred to as the "Prior Bonds." The District has never defaulted in the timely payment of principal of and interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that had not been retired by the District is \$7,725,000 (the "Outstanding Bonds"). After issuance of the Bonds and the refunding of the Refunded Bonds, the aggregate principal amount of the Outstanding Bonds, less the principal amounts thereof previously retired by the District, and less the Refunded Bonds, will be \$2,685,000 (the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$7,625,000. See "DISTRICT DEBT - Debt Service Requirement Schedule."
Municipal Bond Insurance	_____ ("_____"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."
Municipal Bond Ratings	S&P Global Ratings (____insured) "____" (stable outlook). S&P Global Ratings (Underlying)... "A+" (stable outlook). See "BOND INSURANCE" and "RATINGS."
Bond Counsel	Sechrist•Duckers LLP, Houston Texas. See "LEGAL MATTERS."
Special Tax Counsel	Orrick Herrington & Sutcliff, LLP, Houston, Texas.
Underwriter's Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

* Preliminary, subject to change.

Verification Agent	Robert Thomas, CPA, LLC, Certified Public Accountants. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATION.”
Tax Exemption	In the opinion of Special Tax Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS - Tax Exemption” herein, and is not includable in the alternative minimum taxable income of individuals.
Qualified Tax-Exempt Obligations	In the Bond Resolution, the District has designated the Bonds as “qualified tax-exempt obligations.” See “QUALIFIED TAX-EXEMPT OBLIGATIONS.”

THE DISTRICT

Description	<p>The District is a political subdivision of the State of Texas, created by Order of the Texas Water Commission, the predecessor of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”) on September 26, 1984. The District contains approximately 445.7 acres of land. The District is located entirely within Fort Bend County, Texas, and entirely within the corporate boundaries of the City of Sugar Land, Texas (the “City”). The District is located approximately twenty-two miles southwest of the central business district of the City of Houston. The District is bounded on the west by Burney Road and on the north by Florence Road. West Airport Boulevard traverses the central portion of the District. The District is located entirely within Fort Bend Independent School District. See “THE DISTRICT - General” and - “Description,” and “APPENDIX A - LOCATION MAP.”</p> <p>The District is located totally within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and the District entered into a revised Utility Agreement on October 21, 1997, as amended on January 4, 2000, January 16, 2001, and October 6, 2005 (the Utility Agreement and amendments thereto are hereinafter referred to as the “Agreement”), to provide a water distribution system, sanitary sewer collection system, and a drainage system (the “System”) to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System. In addition, the City has agreed to pay to the District the City Tax Rebate (as such term is defined and rebate is explained in this Official Statement under “THE DISTRICT - Utility Agreement”). The City paid the initial City Tax Rebate due to the District in 2006. In 2019, such Tax Rebate paid to the District totaled \$498,546. The City Tax Rebate is not pledged to the payment of the Bonds. See “THE SYSTEM.”</p>
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Authority	The rights, powers, privileges, authority, and functions of the District are established by Article XVI, Section 59, of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - Authority.”
Development and Home Construction	As of February 15, 2020, the District contained 1,183 homes, all of which have been sold to homeowners. According to the District's Engineer, components of the System and street paving have been completed to serve the entirety of the developable land located within the District, consisting of a total of 1,183 single-family residential lots in the following residential subdivisions: Glen Laurel, Sections 1 through 8, Eldridge Lake, Sections 1 and 2, Gannoway Lake Estates, Sections 1 and 2, Ashford Lakes, Sections 7 through 9 and The Reserve at Glen Laurel. The District has financed the components of the System serving all of such sections, and other facilities with the proceeds of the sale of the Outstanding Bonds. See “THE SYSTEM.” The balance of the land located in the District consists of approximately 42.0 acres owned by the City of Sugar Land which have been dedicated by the City as Eldridge Park. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” “DEVELOPMENT AND HOME CONSTRUCTION” and “TAX DATA - Principal 2019 Taxpayers.”

INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2019 Assessed Valuation	\$356,733,813(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAX PROCEDURES."	
Direct Debt	
Remaining Outstanding Bonds	\$ 2,685,000*
The Bonds	<u>4,940,000*</u>
Total	\$ 7,625,000*(b)
Estimated Overlapping Debt	\$ 19,031,174(b)
Total Direct and Estimated Overlapping Debt	\$ 26,656,174(b)
Direct Debt Ratio	
: as a percentage of 2019 Assessed Valuation	2.14%
Direct and Estimated Overlapping Debt Ratio	
: as a percentage of 2019 Assessed Valuation	7.47%
Debt Service Fund Balance Estimated as of Delivery of the Bonds	\$ 1,055,201(c)
General Fund Balance as of February 24, 2020	\$ 535,795
2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service	\$0.18
Maintenance	<u>0.04</u>
Total	\$0.22(d)
Average Percentage of Total Tax Collections (2009-2018)	99.90%
(As of January 31, 2020).	
Percentage Tax Collections 2019 Levy as of January 31, 2020	95.18%
City of Sugar Land City Tax Rebate Anticipated to be Received in 2020	
Based Upon 2019 Assessed Valuation	\$ 562,569
Average Annual Debt Service Requirements of the Bonds	
and the Remaining Outstanding Bonds (2020-2026)	\$ 1,128,652*
Maximum Annual Debt Service Requirement of the Bonds	
and the Remaining Outstanding Bonds (2026)	\$ 1,135,570*
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds	
(2020-2026) at 95% Tax Collections	
Based Upon 2019 Assessed Valuation	\$0.17

* Preliminary, subject to change.

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual	
Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds	
(2026) at 95% Tax Collections	
Based Upon 2019 Assessed Valuation	\$0.17(d)

Number of Single-Family Homes as of February 15, 2020	1,183
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- (a) As of January 1, 2019. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "TAX PROCEDURES."
 - (b) Excludes the Refunded Bonds. See "DISTRICT DEBT."
 - (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such balance gives effect to the payment by the District of the District's debt service requirements on the Outstanding Bonds due on March 1, 2020. The District's initial debt service payment on the Bonds is due on September 1, 2020, and consists of a five-month interest payment thereon.
 - (d) The District levied a debt service tax of \$0.18 per \$100 of Assessed Valuation and a maintenance tax of \$0.04 per \$100 of Assessed Valuation for 2019. The District lies wholly within the municipal boundaries of the City of Sugar Land (the "City"), and all land within the District is subject to taxation by the City. See "TAX DATA - Estimated Overlapping Taxes." Pursuant to the Utility Agreement between the District and the City, the City is obligated to pay annually a sum to the District in the form of a "City Tax Rebate" as defined in the Utility Agreement and described in this Official Statement under the caption "THE DISTRICT - Utility Agreement." In 2019, the City paid a City Tax Rebate to the District in the amount of \$498,546. The calculations of tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements assume the receipt by the District of a 2020 City Tax Rebate of \$562,569, the approximate amount anticipated to be received in 2020 based upon the District's 2019 Assessed Valuation. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. The City Tax Rebate is not pledged to the payment of the Bonds and is subject to modification by agreement of the District and the City. Therefore, there is no assurance that the City Tax Rebate will not be reduced or eliminated in the future. For calculations of the tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds assuming the receipt of no City Tax Rebate, see "TAX DATA - Tax Rate Calculations." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate is \$2.282. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

\$4,940,000*
BURNEY ROAD MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2012

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Burney Road Municipal Utility District (the “District”) of its Unlimited Tax Refunding Bonds, Series 2020 (the “Bonds”). The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”) and a pricing certificate executed pursuant to the Bond Resolution. The Bonds are authorized by Chapter 1207, Texas Government Code, as amended.

THE BONDS

General

The \$4,940,000* Burney Road Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020, are dated May 1, 2020, with interest payable on September 1, 2020 (four-month interest payment), and on each March 1 and September 1 thereafter until maturity. The Bonds are fully registered serial bonds maturing on September 1 of the years shown under “MATURITY SCHEDULE” on the cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the “Paying Agent/Registrar”). Interest calculations are based upon a 360 day year comprised of twelve 30-day months.

The Bonds will be registered in the name of Cede & Co., as nominee for DTC (hereinafter defined), 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 (hereinafter defined), which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under “Book-Entry-Only System.”

Book-Entry-Only System

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

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed

by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Record Date

The record date (“Record Date”) for the interest payable on the Bonds on any interest payment date means the close of business on the fifteenth (15th) day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days hereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Assignments, Transfers and Exchanges

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer in accordance with the terms of the Bond Resolution. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of delivery of the Bonds to the Underwriters (the “Initial Delivery”), any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three (3) business days after the receipt of the request in proper form to transfer, exchange or replace the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Paying Agent/Paying Agent/Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date.

In the event the book-entry-only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Paying Agent/Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

The Bonds are not subject to redemption prior to maturity.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of 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, upon the presentation and surrender of such Bonds as they become due or at their earlier redemption date, at the designated principal payment office of the Paying Agent/Registrar. Interest on each Bond shall be payable by check, dated as of each Interest Payment Date, and mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Bond register (the "Register") kept by the Paying Agent/Registrar as of the Record Date to the address of such Registered Owner as shown on the Register, or such other customary banking arrangements as may be agreed upon by the Paying Agent/Paying Agent/Registrar and the Registered Owner at the risk and expense of the Registered Owner. Interest calculations are based upon a 360 day year comprised of twelve 30-day months.

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. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, 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.

Authority for Issuance

The Bonds constitute the fourth series of unlimited tax refunding bonds authorized at an election held within the District on May 5, 2001. Following the issuance of the Bonds, an aggregate of \$13,809,576* bonds for refunding purposes will remain authorized but unissued. See "Issuance of Additional Debt" below. The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54, Texas Water Code, and Chapter 1207, Texas Government Code, as amended.

Source of Payment

The Bonds, the Remaining Outstanding Bonds (hereinafter defined) and such additional tax bonds as may hereafter be issued by the District are payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. See "TAX PROCEDURES". The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine this Official Statement carefully with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Remaining Outstanding Bonds and on additional bonds payable from taxes which may be issued, and to pay Paying Agent/Registrar fees.

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

* Preliminary, subject to change.

Funds

The Bond Resolution confirms the establishment of the District's Debt Service Fund (the "Debt Service Fund") created and established pursuant to the resolutions of the District authorizing the issuance of the Outstanding Bonds (hereinafter defined). Accrued interest on the Bonds will be deposited from proceeds from sale of the Bonds into the Debt Service. The Debt Service, which constitutes a trust fund for the benefit of the owners of the Remaining Outstanding Bonds, the Bonds and any additional tax-supported bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Remaining Outstanding Bonds, the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Debt Service may also be used to pay the fees and expenses of the Paying Agent/Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Remaining Outstanding Bonds, the Bonds and any additional bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$25,000,000 unlimited tax bonds for construction of waterworks, wastewater, and drainage facilities, and could authorize additional amounts. As of the date hereof, \$11,185,000 unlimited tax bonds remain authorized but unissued for such purpose. The District may issue additional unlimited tax bonds, with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created if the voters of the District authorize such issuance at an election held for such purpose. The District's voters also have authorized a total of \$25,000,000 in unlimited tax bonds for refunding purposes. After issuance of the Bonds, the District will be authorized to issue \$13,809,576* additional unlimited tax refunding bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and, in the case of unlimited tax bonds, by the TCEQ). Since the District has financed the acquisition of all components of the System expected to serve the entirety of the District with the proceeds of the Outstanding Bonds, the District does not expect to issue additional bonds in the future to finance additional components of the System.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park project and bonds by the TCEQ; and (e) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

Dissolution

Under existing Texas law, since the District lies wholly within the corporate limits of the City of Sugar Land, Texas (the "City"), the District may be dissolved by the City without the District's consent, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of dissolution. Dissolution of the District by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever dissolve the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Sugar Land to make debt service payments should dissolution occur.

* Preliminary, subject to change.

Consolidation

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether Section 49.066 of the Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below and "INVESTMENT CONSIDERATIONS - Bankruptcy Limitation to Registered Owners' Rights." Certain traditional legal remedies also may not be available.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The District reserves the right to defease the Bonds in any manner now or hereafter permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

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

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

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds will be applied to refund \$965,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"), \$1,430,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Refunding Bonds") and \$2,645,000 of the principal amount of the District's Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"). Reference is made to such refunded bonds as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will provide present value savings in the District's debt service.

The Refunded Bonds*

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Series 2007 Refunding Bonds, Series 2011 Refunding Bonds, and Series 2012 Refunding Bonds to be refunded are set forth below.

Refunded Bonds

<u>Maturity</u> <u>September 1</u>	<u>Series 2007 Refunding</u> <u>Principal Amount</u>	<u>Series 2011 Refunding</u> <u>Principal Amount</u>	<u>Series 2012 Refunding</u> <u>Principal Amount</u>
2021	\$145,000	\$ 210,000	
2022	150,000	220,000	\$ 500,000
2023	155,000	230,000	515,000
2024	165,000	245,000	525,000
2025	170,000	255,000	545,000
2026	<u>180,000</u>	<u>270,000</u>	<u>560,000</u>
	\$965,000	\$1,430,000	\$2,645,000
Redemption Date:	5/__/2020	5/__/2020	5/__/2020
Aggregate Principal Amount of Refunded Bonds			\$5,040,000

Payment of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as paying agent for the Refunded Bonds (the "Paying Agent for the Refunded Bonds").

The Bond Resolution provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Robert Thomas, CPA, LLC, will verify to the District, the Paying Agent for the Refunded Bonds, and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

* Preliminary, subject to change.

The Remaining Outstanding Bonds

The District also has, in addition to the Series 2007 Refunding Bonds, Series 2011 Refunding Bonds, and Series 2012 Refunding Bonds, also issued its Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"), Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2006 ("Series 2006 Bonds"), and Unlimited Tax Bonds, Series 2016 ("Series 2016 Bonds"). All of such bonds previously issued by the District are hereinafter sometimes together referred to as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. The District has never defaulted in the timely payment of principal of and interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that had not been retired by the District is \$7,725,000 (the "Outstanding Bonds"). After issuance of the Bonds and the refunding of the Refunded Bonds, the aggregate principal amount of the Outstanding Bonds, less the principal amounts thereof previously retired by the District, and less the Refunded Bonds, will be \$2,685,000 (the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$7,625,000. See "DISTRICT DEBT - Debt Service Requirement Schedule."

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

<u>Maturity September 1</u>	<u>Series 2007 Bonds</u>	<u>Series 2011 Refunding Bonds</u>	<u>Series 2012 Refunding Bonds</u>	<u>Series 2016 Bonds</u>
2020	\$145,000	\$200,000	\$460,000	\$ 100,000
2021			485,000	100,000
2022				100,000
2023				100,000
2024				100,000
2025				100,000
2026				100,000
2027				345,000
2028				350,000
	<u>\$145,000</u>	<u>\$200,000</u>	<u>\$945,000</u>	<u>\$1,395,000</u>
Total Principal Amount of Remaining Outstanding Bonds				\$2,685,000

Sources and Uses of Funds

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

SOURCES OF FUNDS:

Par Amount of Bonds	
Plus: Original Issue Premium	
Accrued Interest	
District Contribution	
Total Sources of Funds	

USE OF FUNDS:

Deposit with Paying Agent for the Refunded Bonds	
Deposit Accrued Interest to Debt Service Fund	
Expenses:	
Underwriters Discount	
Other Issuance Expenses	
Total Uses of Funds	

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The maintenance of or the potential increase in taxable valuation of the District are directly related to the vitality of the residential housing industry, and can be significantly affected by factors such as interest rates, construction costs, and consumer demand. The market value of such homes is related to general economic conditions affecting the demand for residences. Demand for residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. A decline in the price of oil could adversely affect the job market and thereby adversely affect the demand for housing and the value of existing homes. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," the development of the entirety of the developable land located within the District is complete, consisting of an aggregate of 1,183 single-family residential lots located in the District on all 1,183 of which single-family homes have been constructed and sold to home purchasers, the District cannot predict that the taxable valuation of District property will be maintained at any particular level of valuation.

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2019 Assessed Valuation is \$356,733,813. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds will be \$1,135,570 (2026) and the Average Annual Debt Service Requirements will be \$1,128,652 (2020 through 2026, inclusive). Assuming no increase to nor

decrease from the 2019 Assessed Valuation, and the receipt of a 2020 City Tax Rebate from the City of Sugar Land equal to \$562,569, the approximate amount anticipated to be received by the District from the City in 2020, based upon the 2019 Assessed Valuation, a tax rate of \$0.17 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements. See "TAX DATA - Tax Rate Calculations" herein.

The District levied a debt service tax for 2019 of \$0.18 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.04 per \$100 of Assessed Valuation. As the above calculations indicate, the 2019 debt service rate will be sufficient to pay debt service on the Bonds and the Remaining Outstanding Bonds assuming a tax collection rate of 95%, no use of funds on hand, the receipt of a 2020 City Tax Rebate from the City of Sugar Land equal to \$562,569, the approximate amount anticipated to be received by the District from the City in 2020, based upon the 2019 Assessed Valuation, and the issuance of no additional bonds by the District. As illustrated in this Official Statement under the caption "TAX DATA," the District had, as of January 31, 2020, collected an average of 99.90% of its 2009 through 2018 tax levies and its 2019 tax levy was 95.18% collected as of such date. Moreover, as illustrated in "APPENDIX B - ANNUAL FINANCIAL REPORT," the District has received income from the investment of the monies that are held in its Debt Service Fund. Therefore, the District expects to be able to cover its debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing its debt service tax above the level of the \$0.18 per \$100 of Assessed Valuation debt service tax that it has levied for 2019. See "TAX PROCEDURES." Increases in the District's tax rate to higher levels than the total \$0.22 per \$100 of Assessed Valuation rate which the District levied for 2019 may have an adverse impact upon the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. As enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is \$2.282 per \$100 of Assessed Valuation.

Assuming the receipt of no City Tax Rebate, tax rates of \$0.34 and \$0.33 per \$100 of Assessed Valuation would be necessary to pay the Maximum Annual Debt Service Requirements and the Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds, respectively, assuming a tax collection rate of 95%, no use of funds on hand, the issuance of no additional bonds by the District, and assuming that no growth occurs in the District beyond the level of the 2019 Assessed Valuation. See "TAX PROCEDURES."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

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

the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners' Rights” below. Further, certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

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

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

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining \$11,185,000 in unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, and \$13,809,576* for refunding purposes (see “THE BONDS - Issuance of Additional Debt”), and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$11,185,000 in additional bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization. Since the District has financed the acquisition of all anticipated components of the System to serve the entirety of the District with the proceeds of the sale of the Outstanding Bonds, the District does not expect to issue additional bonds in the future to finance any additional components of the System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE DISTRICT - Issuance of Additional Debt.”

* Preliminary, subject to change.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor has the foregoing authority passed upon the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

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

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

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

Air Quality Issues

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

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

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court's ruling, the TCEQ has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB Area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

Water Supply & Discharge Issues

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of

stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal became final on December 23, 2019.

On January 23, 2020, the EPA and USACE finalized a replacement definition of "waters of the United States." The proposed definition outlines the categories of waters that would be considered "waters of the United States," including traditional navigable waters, perennial and intermittent tributaries to those waters, certain lakes, ponds, and impoundments and wetlands adjacent to jurisdiction waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall; groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; farm and stock watering ponds; and waste treatment systems. The new rule will become effective 60 days after publication in the Federal Register, which has not yet occurred.

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

Tropical Weather Events

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

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's officials, there was no interruption of water and sewer service during or immediately after the storm. Further, according to District officials, no taxable improvements within the District appear to have experienced flooding or other material damage. Hurricane Harvey could have a material impact on the Houston region's economy.

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

Specific Flood Type Risks

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Commission, predecessor to the TCEQ, dated September 26, 1984, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies totally within the corporate limits of the City of Sugar Land, Texas (the "City"), is subject to the continuing supervisory jurisdiction of the TCEQ.

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

Under certain limited circumstances the District also is authorized to construct, develop and maintain park and recreational facilities and to construct roads. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

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

Utility Agreement

The District is located wholly within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and the District entered into a revised Utility Agreement on October 21, 1997, as amended on January 4, 2000, January 16, 2001, and October 6, 2005 (the Utility Agreement and amendments thereto are hereinafter referred to as the "Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System. In addition, the City has agreed to pay to the District a portion of the ad valorem taxes imposed and collected by the City on land and improvements located within the District equal to one-half of the City's ad valorem

tax collected on property located within the District less an administrative charge (the “City Tax Rebate”). The Agreement requires the District to deposit the City Tax Rebate received by the District from the City into a debt service fund of the District and to apply such funds solely to the payment of bonds and other debts, liabilities, and obligations of the District to or for the benefit of any persons or entities relating to the financing, construction, and acquisition of all or any portion of the facilities constructed or acquired by the District. The Agreement does not require the District to pledge the City Tax Rebate, and the City Tax Rebate is not pledged for payment of bonds, debts, or obligations of the District. Therefore, the City Tax Rebate is subject to modification by agreement of the District and the City. In 2019, the City Tax Rebate paid to the District totaled \$498,546.

As construction of each phase of the System is certified by the City to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System with “as built” drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System at its expense. The City will charge customers of the System the same rates charged other similar users within the City. All revenue from the System, including any charges which the City may impose for connection to the System, belongs exclusively to the City.

The City, as owner and operator of the System, has agreed to supply the District with all of its requirements for potable water and wastewater treatment. See “THE SYSTEM.”

Description

The District contains approximately 445.7 acres of land. The District is located entirely within Fort Bend County, Texas, and entirely within the corporate boundaries of the City. The District is located approximately twenty-two miles southwest of the central business district of the City of Houston. The District is bounded on the west by Burney Road, and on the north by Florence Road. West Airport Boulevard traverses the central portion of the District. See “APPENDIX A - LOCATION MAP.”

Management of the District

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

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Mark Johnson	President	2022
Lydia English Rosenthal	Vice President	2020
Cynthia Van Deursen	Secretary	2022
J. Stuart Nixon	Deputy Secretary	2020
Stephen W. Griffith	Director	2020

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

Tax Assessor/Collector - The District has engaged Catherine Wheeler of Wheeler and Associates, Inc., Houston, Texas, as the District's Tax Assessor/Collector. According to Ms. Wheeler, she presently serves approximately 100 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of Sherrington-Humble, LLC, Houston, Texas, as Consulting Engineer (the “Engineer”).

Bookkeeper - The District has engaged Phyllis M. Smith Herbst, Certified Public Accountant, as the District's Bookkeeper. According to Ms. Herbst, she currently serves approximately 19 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the 2019 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. A copy of the District's audit for the fiscal year ended August 31, 2019, is included as “APPENDIX B” to this Official Statement.

Bond Counsel and General Counsel - Sechrist•Duckers LLP, Bellaire, Texas (“Bond Counsel”) serves as Bond Counsel to the District. The fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. In addition, Sechrist•Duckers LLP serves as general counsel to the District on matters other than the issuance of bonds.

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

DEVELOPMENT AND HOME CONSTRUCTION

As of February 15, 2020, the District contained 1,183 homes, all of which have been sold to homeowners. According to the District's Engineer, components of the System and street paving have been completed to serve the entirety of the developable land located within the District, consisting of a total of 1,183 single-family residential lots in the following residential subdivisions: Glen Laurel, Sections 1 through 8, Eldridge Lake, Sections 1 and 2, Gannoway Lake Estates, Sections 1 and 2, Ashford Lakes, Sections 7 through 9 and The Reserve at Glen Laurel. The District has financed the components of the System serving all of such sections, and other facilities with the proceeds of the sale of the Outstanding Bonds. See “THE SYSTEM.” Since the District has financed the acquisition of all components of the System to serve the entirety of the District with the proceeds of the sale of the Prior Bonds, the District does not expect to issue additional bonds in the future to finance any additional components of the System. See “INVESTMENT CONSIDERATIONS - Future Debt.” The balance of the land located in the District consists of approximately 42.0 acres owned by the City of Sugar Land which have been dedicated by the City as Eldridge Park. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAX DATA - Principal 2019 Taxpayers.”

As of February 15, 2020, the status of lot development and home construction was as follows:

Subdivision	Lots				Homes				Totals
	Developed	Acres*	Under Development	Acres	Under Construction		Completed		
					Sold	Unsold	Sold	Unsold	
Glen Laurel									
Section 1	102	38.3			0	0	102	0	102
Section 2	82	32.8			0	0	82	0	82
Section 3	41	15.9			0	0	41	0	41
Section 4	56	26.2			0	0	56	0	56
Section 5	84	23.6			0	0	84	0	84
Section 6	57	15.4			0	0	57	0	57
Section 7	60	23.1			0	0	60	0	60
Section 8	54	17.5			0	0	54	0	54
Eldridge Lake									
Section 1	64	22.0			0	0	64	0	64
Section 2	81	18.2			0	0	81	0	81
Gannoway Lake Estates									
Section 1	113	40.7			0	0	113	0	113
Section 2	69	19.6			0	0	69	0	69
Ashford Lakes									
Section 7	56	16.5			0	0	56	0	56
Section 8	45	13.5			0	0	45	0	45
Section 9	38	8.1			0	0	38	0	38
The Reserve at Glen Laurel									
	<u>181</u>	<u>65.6</u>	<u>—</u>	<u>—</u>	<u>0</u>	<u>0</u>	<u>181</u>	<u>0</u>	<u>181</u>
TOTALS	1,183	397.0	0	0	0	0	1,183	0	1,183

* Includes rights-of-way, reserves and easements.

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City, Fort Bend County, and the Fort Bend County Drainage District.

The District is located wholly within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and the District entered into a revised Utility Agreement on October 21, 1997, as amended on January 4, 2000, January 16, 2001 and October 6, 2005 (the Utility Agreement and amendments thereto are hereinafter referred to as the "Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System.

As construction of each phase of the System is certified by the City to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System with “record built” drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System at its expense. The City will charge customers of the System the same rates charged other similar users within the City. All revenue from the System, including any charges which the City may impose for connection to the System, belongs exclusively to the City.

The City, as owner and operator of the System, has agreed to supply the District with all of its requirements for potable water production and wastewater treatment.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of connections estimated at this time for the District upon the full development of its 445.7 acres is 1,183 with a total estimated population of 3,839 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves Glen Laurel, Sections 1 through 8, Eldridge Lake, Sections 1 and 2, Gannoway Lake Estates, Sections 1 and 2, Ashford Lakes, Sections 7 through 9, and The Reserve at Glen Laurel. The District financed the payment of the cost of underground water distribution, wastewater collection, lift station and force main; and storm drainage/detention facilities to serve all of such sections with the proceeds of the Prior Bonds. Since the District has financed the acquisition of all components of the System to serve the entirety of the District with the proceeds of the sale of the Prior Bonds, the District does not expect to issue additional bonds in the future to finance any additional components of the System. See “INVESTMENT CONSIDERATIONS - Future Debt.”

Water Supply

The Agreement requires the City to provide the District with potable water. The City obtains water from wells located inside and outside the City's corporate limits. According to the District's Engineer, the aforementioned facilities provide adequate water supply capacity to provide service to all connections in the District developed with the proceeds of the sale of the Prior Bonds, which comprise all connections in the District expected to be developed to complete the development of the District, although the District must rely on the City's obligations to supply the District with water under the terms of the Agreement.

Wastewater Treatment

Pursuant to the Agreement, the City is required to receive and treat all wastewater from the District. The City treats its wastewater pursuant to a contract with the Brazos River Authority. The Brazos River Authority wastewater treatment plant is currently in operation and is located near the intersection of Texas State Highway 6 and U.S. Highway 59, approximately three-fourths of a mile south of the City. According to the District's Engineer, the facility contains sufficient capacity to provide service to all connections in the District developed with the proceeds of the sale of the Prior Bonds, which comprise all connections in the District expected to be developed to complete the development of the District, although the District must rely on the City's obligations to treat the District's wastewater under the terms of the Agreement.

Drainage Improvements

The developed portion of the District west of Mason Road drains via an underground storm sewer system to a series of interconnected detention ponds designed as dual use detention/amenity lake facilities. An outfall system consisting of a 36-inch outfall pipe and open channel ditch has been constructed to allow the detention facilities to discharge into Gannoway Lake which is located at the southern end of the District. A separate detention facility has been constructed to serve Gannoway Lake Estates, Sections 1 and 2, which also discharges into Gannoway Lake.

The Reserve at Glen Laurel, which is located east of Mason Road, is served by an underground storm sewer system and detention facility. Outfall drainage is provided by an existing drainage ditch located within the Covington Woods subdivision which abuts the District's southern boundary.

100-Year Flood Plain

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

The Federal Emergency Management Agency Flood Hazard Boundary Maps currently in effect, 48157CO165L and 48157CO145L dated April 2, 2014, which covers the land located in the District, indicates that no portion of the District is located in the 100-year flood plain of any watercourse.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken March 2020)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken March 2020)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken March 2020)

DISTRICT DEBT

Debt Service Requirement Schedule

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

<u>Year Ending December 31</u>	<u>Current Total Debt Service</u>	<u>Less: Debt Service on Refunded Bonds *</u>	<u>Plus - The Bonds*</u>		<u>Current Total New Debt Service Requirements*</u>
			<u>Principal (Due 9-1)</u>	<u>Interest **</u>	
2020	\$ 1,156,220	\$ 87,575		\$ 61,750	\$ 1,130,395
2021	1,161,620	530,150	\$350,000	148,200	1,129,670
2022	1,160,870	1,030,950	860,000	137,700	1,127,620
2023	1,159,070	1,031,150	885,000	111,900	1,124,820
2024	1,161,120	1,035,300	915,000	85,350	1,126,170
2025	1,161,570	1,038,150	945,000	57,900	1,126,320
2026	1,165,820	1,044,800	985,000	29,550	1,135,570
2027	363,420				363,420
2028	<u>359,450</u>				<u>359,450</u>
	\$8,849,160	\$5,798,075	\$4,940,000	\$632,350	\$8,623,435
Average Annual Requirements (2020-2026)					\$ 1,128,652
Maximum Annual Requirement (2026)					\$ 1,135,570

* Preliminary, subject to change.

** Interest is estimated at rates that vary from maturity to maturity.

Bonded Indebtedness

2019 Assessed Valuation	\$356,733,813(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAX PROCEDURES."	
Direct Debt	
Remaining Outstanding Bonds	\$ 2,685,000*
The Bonds	<u>4,940,000*</u>
Total	\$ 7,625,000*(b)
Estimated Overlapping Debt	\$ 19,031,174(b)
Total Direct and Estimated Overlapping Debt	\$ 26,656,174(b)
Direct Debt Ratio	
: as a percentage of 2019 Assessed Valuation	2.14%
Direct and Estimated Overlapping Debt Ratio	
: as a percentage of 2019 Assessed Valuation	7.47%
Debt Service Fund Balance Estimated as of Delivery of the Bonds	\$ 1,055,201(c)
General Fund Balance as of February 24, 2020	\$ 535,795
2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service	\$0.18
Maintenance	<u>0.04</u>
Total	\$0.22(d)
Average Percentage of Total Tax Collections (2009-2018)	99.90%
(As of January 31, 2020).	
Percentage Tax Collections 2019 Levy as of January 31, 2020	95.18%

- (a) As of January 1, 2019. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "TAX PROCEDURES."
- (b) Excludes the Refunded Bonds. See "DISTRICT DEBT."
- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such balance gives effect to the payment by the District of the District's debt service requirements on the Outstanding Bonds due on March 1, 2020. The District's initial debt service payment on the Bonds is due on September 1, 2020, and consists of a five-month interest payment thereon.
- (d) The District levied a debt service tax of \$0.18 per \$100 of Assessed Valuation and a maintenance tax of \$0.04 per \$100 of Assessed Valuation for 2019. The District lies wholly within the municipal boundaries of the City of Sugar Land (the "City"), and all land within the District is subject to taxation by the City. See "TAX DATA - Estimated Overlapping Taxes." Pursuant to the Utility Agreement between the District and the City, the City is obligated to pay annually a sum to the District in the form of a "City Tax Rebate" as defined in the Utility Agreement and described in this Official Statement under the caption "THE DISTRICT - Utility Agreement." The City paid the City Tax Rebate due to the District in 2019 in the amount of \$498,546. The calculations of tax

rates required to pay the Average Annual and Maximum Annual Debt Service Requirements assume the receipt by the District of a 2020 City Tax Rebate of \$562,569, the approximate amount anticipated to be received in 2020 based upon the District's 2019 Assessed Valuation. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. The City Tax Rebate is not pledged to the payment of the Bonds and is subject to modification by agreement of the District and the City. Therefore, there is no assurance that the City Tax Rebate will not be reduced or eliminated in the future. For calculations of the tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds assuming the receipt of no City Tax Rebate, see "TAX DATA - Tax Rate Calculations." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate is \$2.282. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

Estimated Direct and Overlapping Debt Statement

The following table indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information and no person is entitled to rely upon such information as being accurate or complete. Further, certain of the entities listed below may have issued additional bonds since the date cited.

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt as of February 15, 2020</u>	<u>Overlapping</u>	
		<u>Percent</u>	<u>Amount</u>
Fort Bend County	\$ 594,872,527	0.5005%	\$2,977,537
City of Sugar Land	316,296,144	2.2044	6,972,315
Fort Bend Independent School District	1,079,958,767	0.8409	<u>9,081,323</u>
TOTAL ESTIMATED OVERLAPPING DEBT			\$19,031,174
TOTAL DIRECT DEBT (the District)			<u>7,625,000</u>
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT			\$26,656,174

Debt Ratios

	<u>% of 2019 Assessed Valuation</u>
Direct Debt	2.14%
Direct and Estimated Overlapping Debt	7.47%

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for operation and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District at a rate not to exceed \$0.50 per \$100 of Assessed Valuation. The District levied a maintenance tax of \$0.04 per \$100 of Assessed Valuation for 2019. See "TAX DATA - Maintenance Tax."

TAX DATA

Debt Service Tax

All taxable property located within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limit as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax of \$0.18 per \$100 of Assessed Valuation for 2019.

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 a vote of the District's electorate. On August 10, 1985, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$0.50 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds, the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of \$0.04 per \$100 of Assessed Valuation for 2019.

Historical Values and Tax Collection History

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

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Adjusted Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ending 9/30</u>
2009	\$ 293,848,078	\$0.2425	\$712,575	100.00%	2010
2010	275,902,355	0.2675	738,033	100.00	2011
2011	275,411,942	0.2675	736,721	100.00	2012
2012	356,733,813	0.2675	736,597	100.00	2013
2013	281,076,123	0.2600	730,793	99.93	2014
2014	285,877,240	0.2600	743,276	99.93	2015
2015	312,571,485	0.2550	797,051	99.93	2016
2016	337,658,110	0.2500	844,142	99.93	2017
2017	346,033,238	0.2300	795,871	99.74	2018
2018	358,908,654	0.2200	785,993	99.58	2019
2019	356,733,813	0.2200	474,677	95.18(c)	2020

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through January 31, 2020. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) As of January 31, 2020. In the process of collection.

Tax Rate Distribution

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Service	\$0.18	\$0.18	\$0.19	\$0.20	\$0.205
Maintenance	<u>0.04</u>	<u>0.04</u>	<u>0.04</u>	<u>0.05</u>	<u>0.050</u>
Total	\$0.22	\$0.22	\$0.23	\$0.25	\$0.255

Analysis of Tax Base

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

<u>Type of Property</u>	2019		2018		2017	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$ 63,692,510	17.85%	\$ 63,265,220	17.63%	\$ 62,661,210	18.11%
Improvements	305,110,829	85.53	308,381,670	85.92	295,701,550	85.45
Personal Property	2,581,770	0.72	2,398,870	0.67	2,221,970	0.64
Exemptions	<u>(14,651,296)</u>	<u>(4.11)</u>	<u>(15,137,106)</u>	<u>(4.22)</u>	<u>(14,551,492)</u>	<u>(4.21)</u>
Total	\$356,733,813	100.00%	\$368,908,654	100.00%	\$346,033,238	100.00%

<u>Type of Property</u>	2016		2015	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$ 62,660,950	18.56%	\$62,653,990	20.04%
Improvements	289,856,940	85.84	267,697,300	85.64
Personal Property	2,081,580	0.62	1,920,640	0.61
Exemptions	<u>(16,944,360)</u>	<u>(5.02)</u>	<u>(19,700,445)</u>	<u>(6.30)</u>
Total	\$337,655,110	100.00%	\$312,571,485	100.00%

Principal 2019 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2019. The information reflects the composition of property ownership reflected on the District's 2019 tax roll.

<u>Taxpayer</u>	<u>Types of Property</u>	<u>Assessed Valuation 2019 Tax Roll</u>	<u>% of 2019 Tax Roll</u>
Centerpoint Energy	Personal Property	\$874,590	0.25%
Mytu Tran	Land and Improvements	646,890	0.18
Ky Hong Truong & Dung Thi Nguyen	Land and Improvements	630,700	0.18
Khue Kim Pham	Land and Improvements	568,730	0.16
Jerry Polasek	Land and Improvements	552,300	0.15
Thuy Tran	Land and Improvements	539,240	0.15
Gil M. & Luz G. Dancel	Land and Improvements	508,130	0.14
Jason Allen & Toni Linne Pehl	Land and Improvements	495,180	0.14
La Tin D. Le	Land and Improvements	490,900	0.14
Entex	Personal Property	<u>484,410</u>	<u>0.14</u>
		\$5,791,070	1.62%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2019 Assessed Valuation. The calculations also assume collection of 95% of taxes levied, the receipt of a 2020 City Tax Rebate of \$562,569, the approximate amount anticipated to be received by the District from the City in 2020 based upon the 2019 Assessed Valuation, no use of District funds on hand, and the sale of no additional bonds by the District other than the Bonds and the Outstanding Bonds.

Average Annual Debt Service Requirements on the Remaining Outstanding Bonds and the Bonds (2020-2026)		\$1,128,652*
Maximum Annual Debt Service Requirement on the Remaining Outstanding Bonds and the Bonds (2026)		\$1,135,570*
Tax Rate of \$0.17 on the 2019 Assessed Valuation (\$356,733,813) produces	\$576,125	
Estimated City Tax Rebate	<u>562,569</u>	
Total		\$1,138,694

The District levied a debt service tax for 2019 of \$0.18 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.04 per \$100 of Assessed Valuation. As the above table indicates, the 2019 debt service rate will be sufficient to pay debt service on the Bonds and the Remaining Outstanding Bonds assuming a tax collection rate of 95%, the receipt of a City Tax Rebate of \$562,569, the approximate amount anticipated to be received by the District from the City in 2020 based upon the 2019 Assessed Valuation, and the issuance of no additional bonds by the District. As is illustrated in this Official Statement under the caption "TAX DATA," the District had as of January 31, 2020, collected an average of 99.90% of its 2009 through 2018 tax levies and its 2019 levy was 95.18% collected as of such date. Moreover, as is illustrated in "APPENDIX B - ANNUAL FINANCIAL REPORT," the District has received income from the investment of the monies that are held in its Debt Service Fund. Therefore, the District expects to be able to cover its debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing its debt service tax above the level of the \$0.18 per \$100 of Assessed Valuation debt service tax that it has levied for 2019. Assuming the receipt of no City Tax Rebate, tax rates of \$0.34 and \$0.33 per \$100 of Assessed Valuation would be necessary to pay the Maximum Annual Debt Service Requirements and the Average Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds, respectively, assuming a tax collection rate of 95%, no use of funds on hand, the issuance of no additional bonds by the District, and no growth in the District beyond the level of the 2019 Assessed Valuation. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

* Preliminary, subject to change.

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2019 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see “DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

	<u>2019 Tax Rate</u>
The District*	\$0.220
Fort Bend County	0.460
Fort Bend Independent School District	1.270
City of Sugar Land	<u>0.332</u>
2019 Total Tax Rate	\$2.282

* The District has levied a debt service tax of \$0.18 per \$100 of Assessed Valuation and a maintenance tax of \$0.04 per \$100 of Assessed Valuation for 2019.

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 Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS - Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under “THE BONDS - Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

Property Tax Code and County-Wide Appraisal District

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 of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”).

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; certain farm products owned by the producer; certain property of charitable organizations,

youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of \$5,000 to \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, and 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. 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, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

For the tax year 2019, the District exempted from taxation \$20,000 of the appraised value of residence homesteads of individuals who are under a disability for purposes of payment of disability insurance under Federal Old Age, Survivors and Disability Insurance or are sixty-five (65) years of age or older.

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

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review 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.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it 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 years for agricultural use and taxes for the previous five 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 reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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 establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, maintenance and operations tax rate and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Low Tax Rate Districts

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

Developed Districts

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

Other Districts

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

and passes, the total tax rate for Other Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Other District will be made on an annual basis, at the time a district sets its tax rate, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

Additional Penalties

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. Further, 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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

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 each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

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

Reappraisal of Property After Disaster

The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are prorated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property. The District has not adopted an Order regarding the reappraisal of property.

Tax Payment Installments After Disaster

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

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheading - "Book-Entry-Only System," "PLAN OF FINANCING - Payment of the Refunded Bonds," "THE DISTRICT - Authority," - "Utility Agreement," TAXING PROCEDURES," "LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the requirements of the City of Sugar Land with respect to the sale of the Bonds. In its capacity as Special Tax Counsel, Orrick Herrington & Sutcliffe LLP, has reviewed the information appearing in this Official Statement under the captions "LEGAL MATTERS - Legal Opinions" (insofar as such section relates to the legal opinion of Special Tax Counsel) and "TAX MATTERS," solely to determine whether such information fairly summarizes the law referred to herein. Bond Counsel and Special Tax Counsel, have not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No

person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

In the opinion of Orrick Herrington & Sutcliffe LLP, Special Tax Counsel ("Special Tax Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Special Tax Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

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 a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

Qualified Tax-Exempt Obligations

The Issuer has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATION

The arithmetical accuracy of certain computations included in the schedules provided on behalf of the District relating to (a) computation of the adequacy of the amounts deposited with the Paying Agent for the Refunded Bonds in the Payment Account to pay, when due, the principal or redemption price of and interest on the Refunded Bonds and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under the Code was verified by Robert Thomas CPA LLP, Certified Public Accountants. The computations were independently verified by Robert Thomas CPA LLP based solely upon assumptions and information supplied by or on behalf of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT” and “TAX DATA” and in “APPENDIX B” (the Audit). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2012.

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

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

Event Notices

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

the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meaning ascribed to them under SEC Rule 15c2-12. 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 Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

OFFICIAL STATEMENT

General

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

The District's financial statements for the fiscal year ended August 31, 2019, were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, Houston, Texas, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT," "DEVELOPMENT AND HOME CONSTRUCTION" and "THE SYSTEM" has been provided by Sherrington-Humble, LLC, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Updating of Official Statement

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

Certification as to Official Statement

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

Official Statement “Deemed Final”

For purposes of compliance with SEC Rule 15c2-12, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an Official Statement with respect to the Bonds described herein “deemed final” by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “Final Official Statement” of the District with respect to the Bonds, as that term is defined in SEC Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Burney Road Municipal Utility District as of the date shown on the first page hereof.

/s/ _____
President, Board of Directors
Burney Road Municipal Utility District

ATTEST:

/s/ _____
Secretary, Board of Directors
Burney Road Municipal Utility District

APPENDIX A
LOCATION MAP

APPENDIX B

**BURNEY ROAD MUNICIPAL UTILITY DISTRICT,
FORT BEND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
AUGUST 31, 2019**