



February 22, 2017

Board of Directors
Fort Bend County Fresh Water Supply District No. 1
c/o Sanford, Kuhl, Hagan, Kugle, Parker, Kahn, LLP
1980 Post Oak Boulevard, Suite 1380
Houston, Texas 77056

Reference: Preliminary Engineering Study to Determine the Proposed Bond Election Amount for
Fort Bend County Fresh Water Supply District No. 1; Fort Bend County, Texas

Members of the Board:

This letter contains the results of a preliminary engineering study to determine the proposed bond election amount for Fort Bend County Fresh Water Supply District No. 1 (the "District"). The purpose of this study is to develop the data necessary to evaluate the future bond needs of the District.

Description of the District

Fort Bend County Fresh Water Supply District No. 1 of Fort Bend County, Texas, was created in accordance with Chapters 49 and 53 of the Texas Water Code. At an election held within the District on January 18, 1997, the voters in the District confirmed the creation of the District by a vote of 171 "for" to 59 "against" the creation of the District. At the time of creation and currently, the District contained 4,235.95 acres.

Status of Development Within the District and Potential Annexation Tracts

The District has constructed a) water plant capable of serving approximately 1,675 equivalent single family connections, b) waterlines, totaling over 227,000 linear feet or 43 miles, within all of the existing public road rights-of-way within the District's boundaries, and c) an emergency water interconnect with Fort Bend County Municipal Utility District No. 23. The District also currently has approximately 600 water service connections. The District is currently undergoing water plumbing projects that, once completed, will increase the number of water service connections to approximately 1,400.

The District has constructed a) wastewater treatment plant with a current treatment capacity of 250,000 gallons per day that is capable of serving approximately 800 equivalent single family connections, b) a regional wastewater lift station and forcemain capable of conveying wastewater flows from approximately 630 equivalent single family connections, and c) a wastewater collection system within the Televue Terrace Subdivision, Marbill Estates Subdivision, a portion of the Ridgewood Estates Subdivision, and along North and South Teague Road. The District is currently completing the design for the construction of a wastewater collection system within the Fresno Gardens North Subdivision. The District is currently undergoing wastewater plumbing projects that, once completed, will provide wastewater service to approximately 400 properties.

No future annexations are anticipated. The District's existing water and wastewater capacity is reserved for land within the District.

Facilities Required to be Installed

Based on review of the District's boundary map, we have developed the following list of projects required to complete the wastewater system within the remaining, existing public road rights-of-way that are located within the District's boundaries. The list also includes a second water plant for the District. See Table 1 for estimated costs.

The District will require a second water plant in order to a) serve additional connections beyond the capacity of the District's current water plant, b) provide redundancy to the water system in case of a failure at the District's existing water plant, and c) improve water quality and pressure. The second water plant would generally consist of a new water well, ground storage tanks, booster pumps, hydropneumatic tanks, generator, and associated piping.

The District will require the expansion of its wastewater treatment capacity in order to serve additional connections beyond its current capacity. The expansion, completed in three phases, would increase the District's treatment capacity from 250,000 gallons per day to 1,000,000 gallons per day, which would be capable of serving approximately 3,200 equivalent single family connections.

The District will require the expansion of its regional wastewater lift station and forcemain in order to convey wastewater flows beyond its current capacity. The expansion would increase the District's wastewater conveyance capacity from approximately 630 to 3,200 equivalent single family connections. This work would generally consist of additional pumps and associated piping and an additional forcemain.

In order to complete the remaining wastewater collection system within the District's existing public road rights-of-way, it is anticipated that a) approximately 174,000 linear feet of wastewater gravity sewer lines and b) ten (10) additional wastewater lift stations and forcemains must be constructed. In addition, it is anticipated that approximately 1,125 additional properties will be connected to the public wastewater system.

Previous Bond Elections and Bond Issues

At elections held within the District, voters authorized the sale of unlimited tax bonds as follows:

Date	Authorized Amount	Purpose
11/2/2004	\$39,310,000	Water and Wastewater Bonds
Total Authorization	\$39,310,000	

At the 11/2/2004 election, voters additionally authorized \$58,965,000 in unlimited tax refunding bonds.

The total bonds authorized by voters of the District are \$39,310,000 in unlimited tax bonds and \$58,965,000 in unlimited tax refunding bonds.

The previous bond issues are as follows:

Bond Issue	Date Approved	Amount Approved	Amount Sold
Water Supply System Unlimited Tax Bonds, Series 2006B	October 2, 2006 (Issue Date)	\$5,035,000	\$5,035,000
Sanitary Sewer System Unlimited Tax Bonds, Series 2006A	October 2, 2006 (Issue Date)	\$6,935,000	\$6,935,000
Water Supply System Unlimited Tax Bonds, Series 2008	August 21, 2008 (Issue Date)	\$8,500,000	\$8,500,000
Sanitary Sewer System Unlimited Tax Bonds, Series 2010	March 30, 2010 (Issue Date)	\$5,285,000	\$5,285,000
Water Supply System Unlimited Tax Bonds, Series 2010A	June 14, 2010 (Issue Date)	\$600,000	\$600,000
Water Supply System Unlimited Tax Bonds, Series 2015	October 7, 2015	\$8,000,000	\$8,000,000

The District has \$4,955,000 remaining in authorized water and wastewater combination unlimited tax bonds. The District has \$58,625,000 in authorized but unissued tax refunding bonds.

Estimated Bond Issue Requirement

Table 1 (attached) summarizes an inflation-adjusted Bond Issue Requirement ("BIR") for completing the remaining District wastewater system within the existing public road rights-of-way within the District's boundaries and a second water plant which is estimated at \$79,000,000.

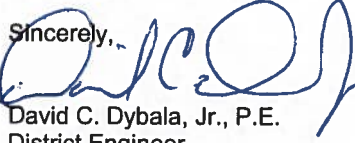
The inflation adjustment was determined by assuming 3% annual inflation with the District issuing bonds approximately every second year with the average amount per bond issue of \$9,000,000. Based on these assumptions, the last bond issue would occur in the year 2033.

Recommendation

Based on the projects defined in Table 1, we recommend the Board call an election authorizing additional bonds in the amount of \$79,000,000 to complete the District's second water plant and the wastewater system within the remaining, existing public roads rights-of-way within the District's boundaries.

Thank you for the opportunity to be of service to you and we look forward to continuing to work with the District on these projects.

Sincerely,



David C. Dybala, Jr., P.E.
District Engineer



FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

TABLE 1

3% INFLATION-ADJUSTED CONCEPTUAL COST ESTIMATES FOR FUNDING OF DISTRICT PROJECTS

February 2017

I. Estimated Design and Construction Costs (Inflation Adjusted Costs)

<u>Water Facilities</u>	Quantity	Unit	Unit Cost	Total
Water Plant No. 2	1	LS	\$3,300,000	\$ 3,300,000
			Subtotal	\$ 3,300,000
			Inflation Adjusted Subtotal	\$ 3,500,000
 <u>Wastewater Facilities</u>				
	Quantity	Unit	Unit Cost	Total
Wastewater Treatment Plant Expansion	1	LS	\$ 7,500,000	\$ 7,500,000
Regional Lift Station and Forcemain Expansion	1	LS	\$ 1,100,000	\$ 1,100,000
Wastewater Collection System	1	LS	\$ 17,600,000	\$ 17,600,000
Wastewater Lift Stations and Forcemains	1	LS	\$ 6,500,000	\$ 6,500,000
Wastewater Connections	1	LS	\$ 4,800,000	\$ 4,800,000
			Subtotal	\$ 37,500,000
			Inflation Adjusted Subtotal	\$55,000,000
 Contingencies				\$8,750,000
Engineering				\$8,750,000
 Total Estimated Design and Construction Costs (Inflated Adjusted Costs)				\$ 76,000,000

II. Estimated Incidental Expenses (Inflated Adjusted Costs)

Financial Advisor	2.00%	\$1,500,000
Bond Counsel	2.00%	\$1,500,000
 Total Estimated Incidental Expenses (Inflation Adjusted Costs)		\$3,000,000

TOTAL ESTIMATED BOND ISSUE REQUIREMENT (Inflation Adjusted Costs) \$ 79,000,000