

**NOTICE OF MEETING  
FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
OF  
FORT BEND COUNTY, TEXAS**

Notice is hereby given that the Board of Supervisors of **Fort Bend County Fresh Water Supply District No. 1** will meet in **regular session**, open to the public, at **6:00 p.m. on Thursday, April 16, 2020**. Due to concerns regarding the Coronavirus (COVID-19), the Board will conduct the meeting via video conference. The video conference meeting is authorized by the suspension of certain provisions of Chapter 551, Texas Government Code, as described below. **To participate in the meeting using ZOOM, the meeting ID is 502 254 787, and the password is 653210. The dial in number to participate by audio only is 346-248-7799, and the participant code is 502 254 787, and the password is 653210.** Electronic copies of the meeting materials are available at [www.fortbendwater1.com](http://www.fortbendwater1.com) at such time as the meeting occurs or by contacting [dlopez@sklaw.us](mailto:dlopez@sklaw.us). At the meeting the following items will be considered:

**1. Hear from public (limited to 3 minutes per person).**

**2. Consider approving Audit for the fiscal year ended December 31, 2019.**

**3. Hear Report from Financial Advisor, and consider taking action thereon, including:**

A. Discuss and approve issuance of Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), and consider approval of the following:

- i. acceptance of proposal to purchase the Bonds;
- ii. Bond Purchase Agreement;
- iii. Order Authorizing Issuance of the Bonds;
- iv. General Certificate;
- v. Signature Identification and No-Litigation Certificate;
- vi. Bond Registrar, Paying Agency, and Transfer Agency Agreement;
- vii. Notice of Redemption with Letter of Instruction;
- viii. Preliminary Official Statement;
- ix. Official Statement;
- x. Resolution Regarding Delegation of Authority; and
- xi. all other documents, certificates, and actions necessary to accomplish the sale and closing of the Bonds.

B. Discussion of financing options and proposed Series 2020 Bonds.

**4. Review Bookkeeper's Report and consider taking action thereon, including:**

A. Approval of bills submitted to the District for payment.

B. Review Investment Report and authorize necessary action in connection therewith.

C. Review Collateral Pledge Report and Investment Policy and authorize necessary action in connection therewith including any amendments or changes thereto.

**5. Review Tax Assessor/Collector's Report and consider taking action thereon, including:**

A. Approve write-offs as recommended by the Fort Bend County Tax Assessor/Collector.

**6. Review Engineer's Report and consider taking action thereon, including:**

A. Report on status of projects including: (i) wastewater service to Fresno Gardens North, Gateway Acres and Fresno Ranchos, (ii) FM521 Sanitary Sewer Extension, and (iii) Water Plant No. 2, and take action related thereto, including authorize advertisement of bids, award of contracts, approval of pay estimates and change orders.

B. Authorize Engineer to prepare plans and specification for water and wastewater systems projects as necessary.

C. Authorize solicitation/advertisement of bids for construction of water system and wastewater system projects necessary.

D. Report on status of project funding, and take necessary action related thereto.

E. Consider and take action on requests for water and sanitary sewer service.

F. Consider plant expansion and take any necessary appropriate action related thereto.

**7. Review Operator's Report and consider taking action thereon, including:**

A. Approval of repairs to water and wastewater systems.

B. Approval of requests for water taps.

C. Approval of water termination list.

**8. Attorney's Report and consider taking action thereon, including:**

A. Approval of minutes of meeting held on March 24, 2020.

B. Discuss Regional Facilities Contract.

C. Approve Resolution Regarding Annual Review of Identity Theft Policy.

D. Approve Resolution Designating Emergency Manager and Delegating Emergency Authority;

E. Approve Order Adopting Section 49.2731 Electronic Bidding Rules;

F. Discuss and consider purchase of tablets for District business.

**9. Consider and take action on request from City of Arcola for additional water connections.**

**10. Regional Plant Committee Report and consider taking action thereon.**

**11. Hear from public.**

Pursuant to the March 16, 2020, Declaration by the Governor of the State of Texas, certain requirements of Chapter 551, Texas Government Code, have been suspended in response to the Coronavirus (COVID-19) disaster. This action allows governmental bodies to conduct meetings by telephone or video conference to advance the public health goal of limiting face-to face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

**FORT BEND COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1**

By:



Sanford Kuhl Hagan Kugle Parker Kahn LLP

# McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

April 16, 2020

Board of Supervisors  
Fort Bend County Fresh Water  
Supply District No. 1

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Fresh Water Supply District No. 1, (the "District") for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 19, 2019. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Board of Directors and/or District consultants.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of depreciable lives of capital assets. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis, or on the life of the applicable contract in the case of intangible assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District's bookkeeper will be provided with all such adjustments.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 16, 2020.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of capital assets and due to developer schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by the Texas Commission on Environmental Quality, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC

# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

April 16, 2020

Board of Supervisors  
Fort Bend County Fresh Water  
Supply District No. 1  
Fort Bend County, Texas

In planning and performing our audit of the financial statements of Fort Bend County Fresh Water Supply District No. 1 (the "District") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Material Weaknesses**

Last year, and again this year, we observed the following matters that we consider to be material weaknesses.

The District's management consists of an elected Board of Supervisors ("Supervisors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Supervisors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Supervisors are responsible for design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District's system of internal control over financial reporting.



### **Material Weaknesses (Continued)**

During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. In addition, the District's Management relies on the District's auditor to post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function is considered to be a material weakness in the system of internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

### **Management's Response to Material Weaknesses**

The District's Supervisors are appointed or elected from the general population and do not necessarily have governmental accounting expertise. The Supervisors engage consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Supervisors believe the financial statements to be materially correct. The Supervisors do not think the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

### **Conclusion**

Management's written response to the material weaknesses and significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Supervisors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2019**

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# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Fort Bend County Fresh Water  
Supply District No. 1  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Fresh Water Supply District No. 1, (the "District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

April 16, 2020

# **FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2019**

Management's discussion and analysis of Fort Bend County Fresh Water Supply District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the District's financial statements.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

#### **FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,367,185 as of December 31, 2019. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that are still outstanding). The following is a comparative analysis of government-wide changes in net position:

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 18,371,466	\$ 15,667,721	\$ 2,703,745
Capital Assets (Net of Accumulated Depreciation)	30,389,732	30,104,967	284,765
Total Assets	\$ 48,761,198	\$ 45,772,688	\$ 2,988,510
Deferred Outflows of Resources	\$ 175,752	\$ 185,143	\$ (9,391)
Bonds Payable	\$ 27,685,401	\$ 27,062,343	\$ (623,058)
Other Liabilities	1,263,318	883,185	(380,133)
Total Liabilities	\$ 28,948,719	\$ 27,945,528	\$ (1,003,191)
Deferred Inflows of Resources	\$ 3,621,046	\$ 3,524,708	\$ (96,338)
Net Position:			
Net Investment in Capital Assets	\$ 7,183,515	\$ 6,679,806	\$ 503,709
Restricted	2,161,107	2,219,419	(58,312)
Unrestricted	7,022,563	5,588,370	1,434,193
Total Net Position	\$ 16,367,185	\$ 14,487,595	\$ 1,879,590

The following table provides a summary of the District's operations for the years ending December 31, 2019, and 2018. The District's net position increased by \$1,879,590.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,573,738	\$ 3,224,949	\$ 348,789
Service Revenues	1,729,996	1,532,786	197,210
Other Revenues	454,867	293,243	161,624
Total Revenues	\$ 5,758,601	\$ 5,050,978	\$ 707,623
Expenses for Services	3,879,011	3,530,646	(348,365)
Change in Net Position	\$ 1,879,590	\$ 1,520,332	\$ 359,258
Net Position, Beginning of Year	14,487,595	12,967,263	1,520,332
Net Position, End of Year	\$ 16,367,185	\$ 14,487,595	\$ 1,879,590



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of December 31, 2019, were \$12,988,376, an increase of \$1,993,344 from the prior year.

The General Fund fund balance increased by \$1,380,661 primarily due to service revenues, property tax revenues, and a transfer from the Capital Projects Fund exceeding current year expenditures

The Debt Service Fund fund balance decreased by \$238,710, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance increased by \$851,393, primarily due to proceeds from the Series 2019 bonds offset by capital outlay and a transfer to the General Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Supervisors did not amend the budget during the fiscal year. Actual revenues were \$460,118 more than budgeted revenues primarily due to tax revenues, service revenues and investment revenues exceeding the budgeted amounts. Actual expenditures were \$30,113 less than budgeted expenditures primarily due lower professional fees, contracted services, purchased sewer services, and repair and maintenance costs, which were offset by higher than anticipated water authority assessments and capital outlay.

**CAPITAL ASSETS**

Capital assets as of December 31, 2019, total \$30,389,732, and include land, construction in progress, and the water and wastewater facilities. The District used bond proceeds and other available funds to pay for new construction and rehabilitation of existing District water and wastewater infrastructure.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,000	\$ 7,000	\$
Construction in Progress	1,222,923	764,616	458,307
Capital Assets, Net of Accumulated Depreciation:			
Water System	19,561,242	20,161,801	(600,559)
Wastewater System	9,598,567	9,171,550	427,017
Total Net Capital Assets	<u>\$ 30,389,732</u>	<u>\$ 30,104,967</u>	<u>\$ 284,765</u>

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**LONG-TERM DEBT**

As of December 31, 2019, the District had total bond debt payable of \$27,395,000. The changes in the debt position of the District during the fiscal year ended December 31, 2019, are summarized as follows:

Bond Debt Payable, January 1, 2019	\$ 26,760,000
Less: Bond Principal Paid	<u>1,110,000</u>
Bond Debt Payable, December 31, 2019	<u>\$ 27,395,000</u>

The Series 2016 and Series 2017 bonds carry insured ratings of “AA” from Standard and Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company/Assured Guaranty Municipal Corp. The underlying rating assigned to the Series 2016 and Series 2017 Bonds is “Baa1”. The District’s other bonds were not rated for the current and prior years.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to 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, TX 77056.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2019**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 161,279	\$ 602,518
Investments	6,458,692	2,046,002
Cash with Escrow Agent		
Receivables:		
Property Taxes	1,463,213	1,945,034
Penalty and Interest on Delinquent Taxes		
Service Accounts Receivable	266,288	
Accrued Interest	36,738	19,170
Prepaid Costs		
Due from Other Funds	327,791	
Due from Other Governmental Units	32,635	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 8,746,636</u>	<u>\$ 4,612,724</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 8,746,636</u>	<u>\$ 4,612,724</u>

The accompanying notes to the financial  
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,229,028	\$ 1,992,825	\$	\$ 1,992,825
2,079,353	10,584,047		10,584,047
1,670,879	1,670,879		1,670,879
	3,408,247		3,408,247
		298,019	298,019
	266,288		266,288
	55,908		55,908
		62,618	62,618
	327,791	(327,791)	
	32,635		32,635
		7,000	7,000
		1,222,923	1,222,923
		29,159,809	29,159,809
<u>\$ 4,979,260</u>	<u>\$ 18,338,620</u>	<u>\$ 30,422,578</u>	<u>\$ 48,761,198</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 175,752</u>	<u>\$ 175,752</u>
<u>\$ 4,979,260</u>	<u>\$ 18,338,620</u>	<u>\$ 30,598,330</u>	<u>\$ 48,936,950</u>

The accompanying notes to the financial statements are an integral part of this report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2019**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 137,333	\$
Accrued Interest Payable		
Due to Other Funds		326,926
Security Deposits	92,309	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 229,642</u>	<u>\$ 326,926</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 1,768,341</u>	<u>\$ 2,349,507</u>
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		1,936,291
Unassigned	<u>6,748,653</u>	
<b>TOTAL FUND BALANCES</b>	<u>\$ 6,748,653</u>	<u>\$ 1,936,291</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 8,746,636</u></u>	<u><u>\$ 4,612,724</u></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

The accompanying notes to the financial  
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 674,963	\$ 812,296	\$	\$ 812,296
		358,713	358,713
865	327,791	(327,791)	
	92,309		92,309
		1,160,000	1,160,000
		26,525,401	26,525,401
<u>\$ 675,828</u>	<u>\$ 1,232,396</u>	<u>\$ 27,716,323</u>	<u>\$ 28,948,719</u>
<u>\$ - 0 -</u>	<u>\$ 4,117,848</u>	<u>\$ (496,802)</u>	<u>\$ 3,621,046</u>
\$ 4,303,432	\$ 4,303,432	\$ (4,303,432)	\$
	1,936,291	(1,936,291)	
	6,748,653	(6,748,653)	
<u>\$ 4,303,432</u>	<u>\$ 12,988,376</u>	<u>\$ (12,988,376)</u>	<u>\$ - 0 -</u>
<u>\$ 4,979,260</u>	<u>\$ 18,338,620</u>		
		\$ 7,183,515	\$ 7,183,515
		2,161,107	2,161,107
		7,022,563	7,022,563
		<u>\$ 16,367,185</u>	<u>\$ 16,367,185</u>

The accompanying notes to the financial statements are an integral part of this report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

Total Fund Balances - Governmental Funds \$ 12,988,376

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Also, prepaid bond insurance is amortized over the life of the 238,370

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 30,389,732

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District. 794,821

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (358,713)	
Bonds Payable	<u>(27,685,401)</u>	<u>(28,044,114)</u>

Total Net Position - Governmental Activities \$ 16,367,185

The accompanying notes to the financial  
statements are an integral part of this report.



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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,716,514	\$ 1,718,508
Water Revenues	520,736	
Wastewater Revenues	163,918	
Water Authority Fees	366,021	
Shared Facilities Revenues	190,657	
Tap Connection and Inspection Fees	216,935	
Penalty and Interest	122,920	50,237
Capital Contributions	169,963	
Miscellaneous Revenues	181,317	63,811
<b>TOTAL REVENUES</b>	<b>\$ 3,648,981</b>	<b>\$ 1,832,556</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 508,934	\$
Contracted Services	156,506	4,200
Purchased Sewer Service	114,597	
Utilities	44,010	
Repairs and Maintenance	184,115	
Water Authority Assessments	522,428	
Depreciation		
Other	260,203	144
Capital Outlay	528,207	
Debt Service:		
Bond Principal		1,110,000
Bond Interest		956,922
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,319,000</b>	<b>\$ 2,071,266</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<b>\$ 1,329,981</b>	<b>\$ (238,710)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In(Out)	\$ 50,680	\$
Proceeds From Issuance of Long-Term Debt		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 50,680</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,380,661</b>	<b>\$ (238,710)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>JANUARY 1, 2019</b>	<b>5,367,992</b>	<b>2,175,001</b>
<b>FUND BALANCES/NET POSITION -</b>		
<b>DECEMBER 31, 2019</b>	<b>\$ 6,748,653</b>	<b>\$ 1,936,291</b>

The accompanying notes to the financial  
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,435,022	\$ 138,716	\$ 3,573,738
	520,736		520,736
	163,918		163,918
	366,021		366,021
	190,657		190,657
	216,935		216,935
	173,157	98,572	271,729
	169,963		169,963
39,776	284,904		284,904
<u>\$ 39,776</u>	<u>\$ 5,521,313</u>	<u>\$ 237,288</u>	<u>\$ 5,758,601</u>
\$	\$ 508,934	\$ 229,568	\$ 738,502
	160,706		160,706
	114,597		114,597
	44,010		44,010
	184,115		184,115
	522,428		522,428
		822,245	822,245
211	260,558		260,558
808,371	1,336,578	(1,336,578)	
	1,110,000	(1,110,000)	
	956,922	807	957,729
74,121	74,121		74,121
<u>\$ 882,703</u>	<u>\$ 5,272,969</u>	<u>\$ (1,393,958)</u>	<u>\$ 3,879,011</u>
\$ (842,927)	\$ 248,344	\$ 1,631,246	\$ 1,879,590
\$ (50,680)	\$	\$	\$
1,745,000	1,745,000	(1,745,000)	
<u>\$ 1,694,320</u>	<u>\$ 1,745,000</u>	<u>\$ (1,745,000)</u>	<u>\$ -0-</u>
\$ 851,393	\$ 1,993,344	\$ (1,993,344)	\$
		1,879,590	1,879,590
3,452,039	10,995,032	3,492,563	14,487,595
<u>\$ 4,303,432</u>	<u>\$ 12,988,376</u>	<u>\$ 3,378,809</u>	<u>\$ 16,367,185</u>

The accompanying notes to the financial statements are an integral part of this report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$ 1,993,344
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	138,716
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the Statement of Activities, revenue are recorded when penalty and interest are assessed.	98,572
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(822,245)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,107,010
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,110,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(807)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(1,745,000)
Change in Net Position - Governmental Activities	<u>\$ 1,879,590</u>

The accompanying notes to the financial  
statements are an integral part of this report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Fresh Water Supply District No. 1 of Fort Bend County, Texas (the “District”) was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner’s Court dated January 18, 1997, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 53. 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 and the collection, transportation and treatment of wastewater. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts. The Board of Supervisors held its first meeting on February 11, 1997 and sold its first bonds on October 2, 2006. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position– This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Deferred inflows of resources related to property tax revenues are those taxes which the District does not expect to be collected soon enough in the subsequent period to finance current expenditures. Property taxes considered available by the District and included in revenue include the 2018 tax levy collections during the period of October 1, 2018 to December 31, 2019, and taxes collected from January 1, 2019 to December 31, 2019, for the 2018 and prior tax levies. The 2019 tax levy has been fully deferred to meet the operating expenditures for the 2020 fiscal year.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that supervisors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Supervisors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

*Unassigned:* all other spendable amounts in the General Fund.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

	Series 2006A	Series 2008	Series 2010	Series 2010A
Amount Outstanding – December 31, 2019	\$ 3,195,000	\$ 1,210,000	\$ 4,265,000	\$ 330,000
Interest Rates	2.60% - 2.85%	4.46% - 4.61%	3.45% - 4.60%	N/A
Maturity Dates - Serially Beginning/Ending	August 15, 2020/2027	August 15, 2020/2024	August 15, 2020/2039	August 15, 2020/2030
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15	N/A
Callable Dates	August 15, 2016*	August 15, 2018*	August 15, 2020*	N/A
	Series 2015	Series 2016 Refunding	Series 2017 Refunding	Series 2019
Amount Outstanding – December 31, 2019	\$ 7,290,000	\$ 4,035,000	\$ 5,325,000	\$ 1,745,000
Interest Rates	1.45% - 4.30%	2.00% - 3.50%	2.00% - 4.00%	1.73% - 4.34%
Maturity Dates - Serially Beginning/Ending	August 15, 2020/2045	August 15, 2020/2037	August 15, 2020/2038	August 15, 2020/2049
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2025*	August 15, 2025*	August 15, 2027*	February 15, 2030*

\* Or any interest payment date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2016 term bonds due August 15, 2030, August 15, 2033, and August 15, 2037, are subject to mandatory redemption on August 15, 2028, August 15, 2031, and August 15, 2034, respectively.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3. LONG-TERM DEBT (Continued)**

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2019:

	January 1, 2019	Additions	Retirements	December 31, 2019
Bonds Payable	\$ 26,760,000	\$ 1,745,000	\$ 1,110,000	\$ 27,395,000
Unamortized Discounts	(154,113)		(11,211)	(142,902)
Unamortized Premiums	456,456		23,153	433,303
Bonds Payable, Net	<u>\$ 27,062,343</u>	<u>\$ 1,745,000</u>	<u>\$ 1,121,942</u>	<u>\$ 27,685,401</u>
			Amount Due Within One Year	\$ 1,160,000
			Amount Due After One Year	<u>26,525,401</u>
			Bonds Payable, Net	<u>\$ 27,685,401</u>

As of December 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 1,160,000	\$ 978,002	\$ 2,138,002
2021	1,195,000	959,831	2,154,831
2022	1,230,000	926,577	2,156,577
2023	1,275,000	891,331	2,166,331
2024	1,305,000	851,677	2,156,677
2025-2029	6,280,000	3,620,596	9,900,596
2030-2034	5,850,000	2,584,665	8,434,665
2035-2039	5,935,000	1,356,389	7,291,389
2040-2044	2,290,000	489,418	2,779,418
2045-2049	875,000	77,417	952,417
	<u>\$ 27,395,000</u>	<u>\$ 12,735,903</u>	<u>\$ 40,130,903</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District has remaining new money bond authorization of \$82,210,000 and refunding bond authorization of \$173,605,000.

During the year ended December 31, 2019, the District levied an ad valorem debt service tax rate of \$0.57 per \$100 of assessed valuation, which resulted in a tax levy of \$2,063,996 on the adjusted taxable valuation of \$361,921,449 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3. LONG-TERM DEBT (Continued)**

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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$6,552,825 and the bank balance was \$6,318,013. The District was not exposed to custodial credit risk as of year-end.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2019, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 161,279	\$ 2,880,000	\$ 3,041,279
DEBT SERVICE FUND	602,518	1,680,000	2,282,518
CAPITAL PROJECTS FUND	1,229,028		1,229,028
TOTAL DEPOSITS	<u>\$ 1,992,825</u>	<u>\$ 4,560,000</u>	<u>\$ 6,552,825</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Supervisors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. TexPool and the money market mutual fund measure all portfolio assets at amortized cost. There are no limitations or restrictions on withdrawals from these investments. The District records certificates of deposit at acquisition cost.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

As of December 31, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 3,578,692	\$ 3,578,692
Certificate of Deposit	2,880,000	2,880,000
<u>DEBT SERVICE FUND</u>		
TexPool	366,002	366,002
Certificates of Deposit	1,680,000	1,680,000
<u>CAPITAL PROJECTS FUND</u>		
Money Market Mutual Fund	2,079,353	2,079,353
<b>TOTAL INVESTMENTS</b>	<u><b>\$ 10,584,047</b></u>	<u><b>\$ 10,584,047</b></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2019, the District's investments in both TexPool and the money market mutual fund were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and the money market mutual fund to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 is as follows:

	January 1, 2019	Increases	Decreases	December 31, 2019
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 7,000	\$	\$	\$ 7,000
Construction in Progress	764,616	1,336,578	878,271	1,222,923
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 771,616</u>	<u>\$ 1,336,578</u>	<u>\$ 878,271</u>	<u>\$ 1,229,923</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 23,493,517	\$	\$	\$ 23,493,517
Wastewater System	9,649,638	648,703		10,298,341
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 33,143,155</u>	<u>\$ 648,703</u>	<u>\$ - 0 -</u>	<u>\$ 33,791,858</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 3,331,716	\$ 600,559	\$	\$ 3,932,275
Wastewater System	478,088	221,686		699,774
<b>Total Accumulated Depreciation</b>	<u>\$ 3,809,804</u>	<u>\$ 822,245</u>	<u>\$ - 0 -</u>	<u>\$ 4,632,049</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 29,333,351</u>	<u>\$ (173,542)</u>	<u>\$ - 0 -</u>	<u>\$ 29,159,809</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 30,104,967</u></u>	<u><u>\$ 1,163,036</u></u>	<u><u>\$ 878,271</u></u>	<u><u>\$ 30,389,732</u></u>

**NOTE 7. MAINTENANCE TAX**

At an election held on November 4, 2014, the voters of the District authorized the levy and collection of an annual maintenance tax for the operation and maintenance of the District's improvements in an amount not to exceed \$0.50 per \$100 of assessed valuation. The maintenance tax is to be used by the General Fund to pay the expenditures of operating the District's facilities as well as to pay for general and administrative costs. During the year ended December 31, 2019, the District levied an ad valorem maintenance tax rate of \$0.43 per \$100 of assessed valuation, which resulted in a tax levy of \$1,557,049 on the adjusted taxable valuation of \$361,921,449 for the 2019 tax year. The 2019 tax levy has been fully deferred to meet fiscal year 2020 expenditures.

**NOTE 8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The District participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide various types of property and liability insurance coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9. REGIONAL FACILITIES CONTRACT**

On August 18, 2005, the District entered into a Regional Facilities Contract (Contract) with the City of Arcola (the City) for the provision of water and wastewater service. This contract was subsequently amended on April 11, 2006, September 25, 2012, and March 28, 2016. The Regional Sewer System (RSS), including the initial expansion, is owned and operated by the City. The District pays a portion of those RSS expenses directly attributable to the RSS, plus an administrative overhead fee not to exceed 20% of the District's portion of total RSS expenses. These RSS expenses are prorated based on relative capacity in the RSS. The District also pays a portion of variable RSS expenses based on the ratio of metered flow to the District versus total discharge.

The Contract also provided for the design and construction of the Regional Water System (Water System) to provide water service to both the District and the City. The portion of the Water System upstream of the water point of delivery plus the measuring equipment will be owned and maintained by the District and those portions downstream will be owned and maintained by the City. This contract was amended, extending the term of the contract through September 30, 2053.

**NOTE 10. ESCROW REQUIREMENTS**

In compliance with orders of the Texas Water Development Board (the "TWDB"), the District escrowed Series 2010 bond proceeds for the acquisition and construction of a wastewater collection system, Series 2015 bond proceeds for the acquisition and construction of water transmission facilities, and Series 2019 bonds proceeds for the acquisition and construction of water system improvements. The District will remove all or a portion of the funds from escrow in accordance with the written approval of the TWDB. The released funds may be used by the District as provided in the order authorizing issuance of the Bonds or as ordered by the TWDB. During the prior year, funds from Series 2010 and a portion of Series 2015 were released from escrow. As of year-end, only funds from Series 2015 and Series 2019 remain in escrow.

**NOTE 11. EMERGENCY WATER SUPPLY AGREEMENT**

On May 23, 2006, the District entered into an Emergency Water Supply Agreement with Fort Bend County Municipal Utility District No. 23 (District No. 23). The District was responsible for all costs associated with construction of such water interconnect facilities to be connected to the District's system. The rates for emergency water service are \$1.00 per 1,000 gallons plus any per 1,000-gallon pumpage fee that may be imposed on the supplying district by a governmental entity, including but not limited to the City of Missouri City or a regional water authority. The term of this agreement is 40 years.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12. DUE TO / FROM OTHER FUNDS AND TRANSFERS**

As of December 31, 2019, the Capital Projects Fund owed the General Fund \$865 for Series 2019 bond issuance costs. As of December 31, 2019, the District's Debt Service Fund owed the General Fund \$326,926 for tax collections. During the current year, the Capital Projects Fund transferred \$50,680 to the General Fund to cover construction and engineering services previously paid by the General Fund.

**NOTE 13. COMMUNITY DEVELOPMENT BLOCK GRANT**

On November 16, 2017, the District entered an agreement with Fort Bend County. The agreement allocates \$262,250 to the District for use in installing an 8-inch gravity sanitary sewer line along FM 521 to provide service to the Fort Bend County Mustang Center and the First Baptist Church. To date \$169,963 has been spent on the project. On September 20, 2018, this agreement was amended to increase CDBG funding from \$262,250 to \$290,459.

**NOTE 14. NORTH FORT BEND WATER AUTHORITY**

The District has entered into a Groundwater Reduction Plan Participation Agreement with the North Fort Bend Water Authority (the "Authority"). The District pays the Authority a water well pumpage fee based on the amount of water pumped from all well(s) owned and operated by the District. This fee will enable the Authority to fulfill its purpose and regulatory functions. The fee charged as of year-end was \$3.65 per 1,000-gallons of water pumped from each well. The District incurred costs of \$522,428 during the current fiscal year in relation to this agreement. The term of this agreement is for 40 years from the effective date of the agreement.

**NOTE 15. STRATEGIC PARTNERSHIP AGREEMENT**

The District has entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City"), effective December 31, 2019. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City health, safety, planning, and zoning ordinances within the District. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City for limited purposes and the City has imposed a one percent sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. The SPA also provides that the City will not annex the District for "full purposes" for at least 30 years.

**NOTE 15. BOND SALE**

On October 29, 2019, the District approved its \$1,745,000 Series 2019 Unlimited Tax Bonds. Proceeds from the sale will be used to pay costs related to the acquisition and construction of water system improvements, engineering fees, and costs of issuance.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**

DRAFT SUBJECT TO CHANGE

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,714,650	\$ 1,716,514	\$ 1,864
Water Revenues	450,000	520,736	70,736
Wastewater Revenues	120,000	163,918	43,918
Water Authority Fees	310,000	366,021	56,021
Shared Facilities Revenues	210,000	190,657	(19,343)
Tap Connection and Inspection Fees	67,500	216,935	149,435
Penalty and Interest	59,000	122,920	63,920
Miscellaneous Revenues	87,750	181,317	93,567
<b>TOTAL REVENUES</b>	<b>\$ 3,018,900</b>	<b>\$ 3,479,018</b>	<b>\$ 460,118</b>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 545,000	\$ 508,934	\$ 36,066
Contracted Services	177,000	156,506	20,494
Purchased Sewer Services	250,000	114,597	135,403
Utilities	50,000	44,010	5,990
Repairs and Maintenance	250,000	184,115	65,885
Water Authority Assessments	500,000	522,428	(22,428)
Other	157,150	260,203	(103,053)
Capital Outlay	250,000	358,244	(108,244)
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,179,150</b>	<b>\$ 2,149,037</b>	<b>\$ 30,113</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 839,750</b>	<b>\$ 1,329,981</b>	<b>\$ 490,231</b>
<b>OTHER FINANCING SOURCES(USES)</b>			
Transfers In (Out)	\$ -0-	\$ 50,680	\$ 50,680
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 839,750</b>	<b>\$ 1,380,661</b>	<b>\$ 540,911</b>
<b>FUND BALANCE - JANUARY 1, 2019</b>	<b>5,367,992</b>	<b>5,367,992</b>	
<b>FUND BALANCE - DECEMBER 31, 2019</b>	<b>\$ 6,207,742</b>	<b>\$ 6,748,653</b>	<b>\$ 540,911</b>

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**DECEMBER 31, 2019**



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<b>Meter Size</b>	<b>Total Connections</b>	<b>Active Connections</b>	<b>ESFC Factor</b>	<b>Active ESFCs</b>
Unmetered			x 1.0	
≤¾"	1,575	1,499	x 1.0	1,499
1"	15	15	x 2.5	38
1½"	5	5	x 5.0	25
2"	7	7	x 8.0	56
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	1,603	1,527		1,698
Total Wastewater Connections	1,572	1,497	x 1.0	1,497

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

Gallons pumped into system:	143,147,000	Water Accountability Ratio: 85.8% (Gallons billed and sold /Gallons pumped and purchased)
Gallons billed to customers:	94,261,000	
Gallons sold:	28,544,000	To: <u>City of Arcola, Texas</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Houston, Texas; City of Pearland, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 19,000
Engineering	298,353
Legal	152,891
Delinquent Tax Attorney	38,690
TOTAL PROFESSIONAL FEES	<u>\$ 508,934</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 114,597</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 43,338
Operations and Billing	84,147
Tax Collector/Appraisal District	29,021
TOTAL CONTRACTED SERVICES	<u>\$ 156,506</u>
UTILITIES:	
Electricity	\$ 42,432
Telephone	1,578
TOTAL UTILITIES	<u>\$ 44,010</u>
REPAIRS AND MAINTENANCE	<u>\$ 184,115</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 12,000
Dues	1,325
Election Costs	950
Insurance	13,860
Office Supplies and Postage	34,052
Payroll Taxes	918
Travel and Meetings	843
Other	9,804
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 73,752</u>
CAPITAL OUTLAY	<u>\$ 528,207</u>
TAP CONNECTIONS	<u>\$ 164,735</u>
OTHER EXPENDITURES:	
Chemicals	\$ 2,844
Laboratory Fees	8,151
Permit Fees	1,450
Inspection Fees	5,824
Water Authority Assessments	522,428
Regulatory Assessment	3,447
TOTAL OTHER EXPENDITURES	<u>\$ 544,144</u>
TOTAL EXPENDITURES	<u><u>\$ 2,319,000</u></u>

See accompanying independent auditor's report.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**INVESTMENTS**  
**DECEMBER 31, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
TexPool	XXXX0001	Varies	Daily	\$ 3,578,692	\$
Certificate of Deposit	XXXX3088	2.25%	10/30/20	240,000	902
Certificate of Deposit	XXXX1963	2.50%	06/30/20	240,000	2,992
Certificate of Deposit	XXXX8177	2.45%	07/31/20	240,000	2,465
Certificate of Deposit	XXXX2246	2.50%	01/23/20	240,000	5,030
Certificate of Deposit	XXXX6741	2.70%	04/29/20	240,000	4,350
Certificate of Deposit	XXXX2413	2.52%	02/25/20	240,000	4,524
Certificate of Deposit	XXXX2548	2.65%	05/28/20	240,000	3,781
Certificate of Deposit	XXXX0811	2.00%	09/02/20	240,000	1,578
Certificate of Deposit	XXXX6682	2.54%	01/01/20	240,000	5,561
Certificate of Deposit	XXXX6670	2.45%	09/29/20	240,000	1,482
Certificate of Deposit	XXXX6605	2.60%	05/30/20	240,000	3,659
Certificate of Deposit	XXXX0266	1.80%	11/25/20	240,000	414
TOTAL GENERAL FUND				<u>\$ 6,458,692</u>	<u>\$ 36,738</u>
<b><u>DEBT SERVICE FUND</u></b>					
TexPool	XXXX0002	Varies	Daily	\$ 366,002	\$
Certificate of Deposit	XXXX4984	2.75%	08/05/20	240,000	2,658
Certificate of Deposit	XXXX2126	2.58%	08/04/20	240,000	2,511
Certificate of Deposit	XXXX0760	2.35%	08/06/20	240,000	2,271
Certificate of Deposit	XXXX0152	2.45%	08/02/20	240,000	2,368
Certificate of Deposit	XXXX0319	2.60%	08/05/20	240,000	2,513
Certificate of Deposit	XXXX6589	2.40%	01/22/20	240,000	3,424
Certificate of Deposit	XXXX4511	2.40%	01/22/20	240,000	3,425
TOTAL DEBT SERVICE FUND				<u>\$ 2,046,002</u>	<u>\$ 19,170</u>
<b><u>CAPITAL PROJECTS FUND</u></b>					
Money Market Mutual Fund	XXXX0011	Varies	Monthly	\$ 2,079,353	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 10,584,047</u>	<u>\$ 55,908</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JANUARY 1, 2019	\$ 1,595,556		\$ 1,645,104	
Adjustments to Beginning Balance	<u>11,182</u>	\$ 1,606,738	<u>37,846</u>	\$ 1,682,950
Original 2019 Tax Levy	\$ 1,543,582		\$ 2,046,144	
Adjustment to 2019 Tax Levy	<u>13,467</u>	<u>1,557,049</u>	<u>17,852</u>	<u>2,063,996</u>
TOTAL TO BE ACCOUNTED FOR		\$ 3,163,787		\$ 3,746,946
TAX COLLECTIONS:				
Prior Years	\$ 1,395,446		\$ 1,397,440	
Current Year	<u>305,128</u>	<u>1,700,574</u>	<u>404,472</u>	<u>1,801,912</u>
TAXES RECEIVABLE - DECEMBER 31, 2019		<u>\$ 1,463,213</u>		<u>\$ 1,945,034</u>
TAXES RECEIVABLE BY YEAR:				
2019		\$ 1,251,921		\$ 1,659,524
2018		94,555		94,555
2017		32,329		32,329
2016		18,693		18,693
2015		12,976		12,977
2014		9,757		9,757
2013		7,021		21,063
2012		6,884		20,653
2011		6,907		20,722
2010		5,970		17,909
2009		6,021		18,064
2008 and prior		<u>10,179</u>		<u>18,788</u>
TOTAL		<u>\$ 1,463,213</u>		<u>\$ 1,945,034</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
Land	\$ 140,376,197	\$ 142,614,607	\$ 127,492,383	\$ 79,427,085
Improvements	183,471,630	164,383,956	154,049,146	145,140,086
Personal Property	99,339,981	83,563,570	77,741,460	80,787,370
Exemptions	<u>(61,266,359)</u>	<u>(38,194,754)</u>	<u>(36,125,525)</u>	<u>(27,002,168)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 361,921,449</u>	<u>\$ 352,367,379</u>	<u>\$ 323,157,464</u>	<u>\$ 278,352,373</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.57	\$ 0.50	\$ 0.50	\$ 0.50
Maintenance	<u>0.43</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 3,621,045</u>	<u>\$ 3,524,708</u>	<u>\$ 3,234,592</u>	<u>\$ 2,783,688</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>19.60 %</u>	<u>94.63 %</u>	<u>98.00 %</u>	<u>98.66 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on November 4, 2014.

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

S E R I E S - 2 0 0 6 A			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 365,000	\$ 86,836	\$ 451,836
2021	370,000	77,347	447,347
2022	380,000	67,725	447,725
2023	395,000	57,655	452,655
2024	405,000	46,990	451,990
2025	415,000	35,852	450,852
2026	425,000	24,440	449,440
2027	440,000	12,540	452,540
2028			
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2049			
	<u>\$ 3,195,000</u>	<u>\$ 409,385</u>	<u>\$ 3,604,385</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

Due During Fiscal Years Ending December 31	S E R I E S - 2 0 0 8		
	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 220,000	\$ 54,854	\$ 274,854
2021	230,000	45,042	275,042
2022	240,000	34,668	274,668
2023	255,000	23,845	278,845
2024	265,000	12,216	277,216
2025			
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2048			
2049			
	<u>\$ 1,210,000</u>	<u>\$ 170,625</u>	<u>\$ 1,380,625</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

Due During Fiscal Years Ending December 31	S E R I E S - 2 0 1 0		
	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 140,000	\$ 183,240	\$ 323,240
2021	145,000	178,410	323,410
2022	150,000	173,118	323,118
2023	160,000	167,492	327,492
2024	165,000	161,332	326,332
2025	170,000	154,815	324,815
2026	180,000	148,015	328,015
2027	185,000	140,725	325,725
2028	195,000	133,048	328,048
2029	200,000	124,760	324,760
2030	210,000	116,160	326,160
2031	220,000	107,025	327,025
2032	230,000	97,345	327,345
2033	240,000	87,225	327,225
2034	250,000	76,544	326,544
2035	260,000	65,420	325,420
2036	270,000	53,590	323,590
2037	285,000	41,170	326,170
2038	300,000	28,060	328,060
2039	310,000	14,260	324,260
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	<u>\$ 4,265,000</u>	<u>\$ 2,251,754</u>	<u>\$ 6,516,754</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

S E R I E S - 2 0 1 0 A			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due	Total
2020	\$ 30,000	\$	\$ 30,000
2021	30,000		30,000
2022	30,000		30,000
2023	30,000		30,000
2024	30,000		30,000
2025	30,000		30,000
2026	30,000		30,000
2027	30,000		30,000
2028	30,000		30,000
2029	30,000		30,000
2030	30,000		30,000
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2049			
	<u>\$ 330,000</u>	<u>\$ - 0 -</u>	<u>\$ 330,000</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

Due During Fiscal Years Ending December 31	S E R I E S - 2 0 1 5		
	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 190,000	\$ 266,882	\$ 456,882
2021	190,000	264,127	454,127
2022	195,000	260,821	455,821
2023	195,000	256,882	451,882
2024	200,000	252,494	452,494
2025	205,000	247,615	452,615
2026	210,000	242,366	452,366
2027	220,000	236,424	456,424
2028	225,000	229,670	454,670
2029	230,000	222,334	452,334
2030	240,000	214,446	454,446
2031	250,000	205,853	455,853
2032	260,000	196,629	456,629
2033	265,000	186,800	451,800
2034	280,000	176,545	456,545
2035	290,000	165,485	455,485
2036	300,000	153,827	453,827
2037	315,000	141,617	456,617
2038	325,000	128,639	453,639
2039	340,000	115,119	455,119
2040	355,000	100,873	455,873
2041	370,000	85,892	455,892
2042	385,000	70,204	455,204
2043	400,000	53,803	453,803
2044	420,000	36,723	456,723
2045	435,000	18,705	453,705
2046			
2047			
2048			
2049			
	<u>\$ 7,290,000</u>	<u>\$ 4,530,775</u>	<u>\$ 11,820,775</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

S E R I E S - 2 0 1 6 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 175,000	\$ 123,800	\$ 298,800
2021	180,000	120,300	300,300
2022	185,000	116,700	301,700
2023	190,000	113,000	303,000
2024	190,000	107,300	297,300
2025	200,000	101,600	301,600
2026	205,000	95,600	300,600
2027	210,000	89,450	299,450
2028	215,000	83,150	298,150
2029	225,000	76,432	301,432
2030	230,000	69,400	299,400
2031	240,000	62,212	302,212
2032	245,000	54,412	299,412
2033	250,000	46,450	296,450
2034	260,000	38,325	298,325
2035	270,000	29,225	299,225
2036	280,000	19,775	299,775
2037	285,000	9,975	294,975
2038			
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2049			
	<u>\$ 4,035,000</u>	<u>\$ 1,357,106</u>	<u>\$ 5,392,106</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

S E R I E S - 2 0 1 7 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	\$ 10,000	\$ 212,400	\$ 222,400
2021	10,000	212,200	222,200
2022	10,000	211,900	221,900
2023	10,000	211,600	221,600
2024	10,000	211,300	221,300
2025	285,000	211,000	496,000
2026	300,000	199,600	499,600
2027	315,000	187,600	502,600
2028	325,000	175,000	500,000
2029	340,000	162,000	502,000
2030	350,000	148,400	498,400
2031	365,000	134,400	499,400
2032	380,000	119,800	499,800
2033	395,000	104,600	499,600
2034	410,000	88,800	498,800
2035	425,000	72,400	497,400
2036	445,000	55,400	500,400
2037	460,000	37,600	497,600
2038	480,000	19,200	499,200
2039			
2040			
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2044			
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2049			
	<u>\$ 5,325,000</u>	<u>\$ 2,775,200</u>	<u>\$ 8,100,200</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2020	30,000	49,990	79,990
2021	40,000	62,405	102,405
2022	40,000	61,645	101,645
2023	40,000	60,857	100,857
2024	40,000	60,045	100,045
2025	40,000	59,197	99,197
2026	40,000	58,317	98,317
2027	40,000	57,397	97,397
2028	45,000	56,441	101,441
2029	45,000	55,208	100,208
2030	45,000	53,858	98,858
2031	50,000	52,409	102,409
2032	50,000	50,709	100,709
2033	50,000	49,009	99,009
2034	55,000	47,309	102,309
2035	55,000	45,362	100,362
2036	55,000	43,349	98,349
2037	60,000	41,286	101,286
2038	60,000	38,988	98,988
2039	65,000	36,642	101,642
2040	65,000	34,062	99,062
2041	70,000	31,449	101,449
2042	70,000	28,495	98,495
2043	75,000	25,541	100,541
2044	80,000	22,376	102,376
2045	80,000	19,000	99,000
2046	85,000	15,624	100,624
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	<u>\$ 1,745,000</u>	<u>\$ 1,241,058</u>	<u>\$ 2,986,058</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2019**

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 1,160,000	\$ 978,002	\$ 2,138,002
2021	1,195,000	959,831	2,154,831
2022	1,230,000	926,577	2,156,577
2023	1,275,000	891,331	2,166,331
2024	1,305,000	851,677	2,156,677
2025	1,345,000	810,079	2,155,079
2026	1,390,000	768,338	2,158,338
2027	1,440,000	724,136	2,164,136
2028	1,035,000	677,309	1,712,309
2029	1,070,000	640,734	1,710,734
2030	1,105,000	602,264	1,707,264
2031	1,125,000	561,899	1,686,899
2032	1,165,000	518,895	1,683,895
2033	1,200,000	474,084	1,674,084
2034	1,255,000	427,523	1,682,523
2035	1,300,000	377,892	1,677,892
2036	1,350,000	325,941	1,675,941
2037	1,405,000	271,648	1,676,648
2038	1,165,000	214,887	1,379,887
2039	715,000	166,021	881,021
2040	420,000	134,935	554,935
2041	440,000	117,341	557,341
2042	455,000	98,699	553,699
2043	475,000	79,344	554,344
2044	500,000	59,099	559,099
2045	515,000	37,705	552,705
2046	85,000	15,624	100,624
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	<u>\$ 27,395,000</u>	<u>\$ 12,735,903</u>	<u>\$ 40,130,903</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2019
Fort Bend County Fresh Water Supply District No. 1 Sanitary Sewer System Unlimited Tax Bonds - Series 2006A	\$ 6,935,000	\$ 3,550,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2008	8,500,000	1,425,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010	5,285,000	4,405,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010A	600,000	360,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2015	8,000,000	7,475,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2016	4,430,000	4,210,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2017	5,365,000	5,335,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2019	<u>1,745,000</u>	
TOTAL	<u>\$ 40,860,000</u>	<u>\$ 26,760,000</u>
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 118,310,000	\$ 173,965,000
Amount Issued	<u>36,100,000</u>	<u>360,000</u>
Remaining to be Issued	<u>\$ 82,210,000</u>	<u>\$ 173,605,000</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding December 31, 2019	Paying Agent
	Principal	Interest		
\$	\$ 355,000	\$ 95,887	\$ 3,195,000	Wells Fargo Bank N.A. Houston, TX
	215,000	64,335	1,210,000	Wells Fargo Bank N.A. Houston, TX
	140,000	187,790	4,265,000	Wells Fargo Bank N.A. Houston, TX
	30,000		330,000	Wells Fargo Bank N.A. Houston, TX
	185,000	269,010	7,290,000	Amegy Bank N.A. Houston, TX
	175,000	127,300	4,035,000	Amegy Bank N.A. Houston, TX
	10,000	212,600	5,325,000	Amegy Bank N.A. Houston, TX
1,745,000			1,745,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
\$ 1,745,000	\$ 1,110,000	\$ 956,922	\$ 27,395,000	

Debt Service Fund cash and investment balances as of December 31, 2019: \$ 2,648,520

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,337,697

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 1,716,514	\$ 1,596,026	\$ 1,376,887
Water Revenues	520,736	517,697	341,731
Wastewater Revenues	163,918	141,496	65,543
Water Authority Fees	366,021	310,134	197,590
Shared Facilities Revenues	190,657	189,522	174,221
Tap Connection and Inspection Fees	216,935	193,297	156,164
Penalty and Interest	122,920	112,900	89,390
Capital Contributions	169,963	120,496	
Miscellaneous Revenues	181,317	69,074	60,739
<b>TOTAL REVENUES</b>	<u>\$ 3,648,981</u>	<u>\$ 3,250,642</u>	<u>\$ 2,462,265</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 508,934	\$ 471,834	\$ 651,876
Contracted Services	156,506	150,199	82,486
Purchased Sewer Service	114,597	99,362	49,421
Utilities	44,010	49,519	38,794
Repairs and Maintenance	184,115	222,356	154,017
Water Authority Assessments	522,428	435,101	312,695
Other	260,203	295,062	263,419
Capital Outlay	528,207	224,278	419,098
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,319,000</u>	<u>\$ 1,947,711</u>	<u>\$ 1,971,806</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,329,981</u>	<u>\$ 1,302,931</u>	<u>\$ 490,459</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	<u>\$ 50,680</u>	<u>\$ (68,870)</u>	<u>\$ (1,161,427)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,380,661</u>	<u>\$ 1,234,061</u>	<u>\$ (670,968)</u>
<b>BEGINNING FUND BALANCE</b>	<u>5,367,992</u>	<u>4,133,931</u>	<u>4,804,899</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 6,748,653</u></u>	<u><u>\$ 5,367,992</u></u>	<u><u>\$ 4,133,931</u></u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,379,822	\$ 1,343,540	47.0 %	49.2 %	55.9 %	69.5 %	72.8 %
196,237	193,101	14.3	15.9	13.9	9.9	10.5
		4.5	4.4	2.7		
104,762	91,068	10.0	9.5	8.0	5.3	4.9
154,536	98,120	5.2	5.8	7.1	7.8	5.3
24,410	34,047	5.9	5.9	6.3	1.2	1.8
100,646	74,823	3.4	3.5	3.6	5.1	4.1
		4.7	3.7			
24,264	11,875	5.0	2.1	2.5	1.2	0.6
<u>\$ 1,984,677</u>	<u>\$ 1,846,574</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 461,297	\$ 378,042	13.9 %	14.5 %	26.5 %	23.2 %	20.5 %
65,680	54,583	4.3	4.6	3.4	3.3	3.0
53,000	44,047	3.1	3.1	2.0	2.7	2.4
33,389	31,570	1.2	1.5	1.6	1.7	1.7
72,563	73,348	5.0	6.8	6.3	3.7	4.0
215,325	144,690	14.3	13.4	12.7	10.8	7.8
58,412	60,350	7.1	9.1	10.7	2.9	3.3
629,163		14.5	6.9	17.0	31.7	
<u>\$ 1,588,829</u>	<u>\$ 786,630</u>	<u>63.4 %</u>	<u>59.9 %</u>	<u>80.2 %</u>	<u>80.0 %</u>	<u>42.7 %</u>
<u>\$ 395,848</u>	<u>\$ 1,059,944</u>	<u>36.6 %</u>	<u>40.1 %</u>	<u>19.8 %</u>	<u>20.0 %</u>	<u>57.3 %</u>
<u>\$ 13,918</u>	<u>\$ - 0 -</u>					
\$ 409,766	\$ 1,059,944					
<u>4,395,133</u>	<u>3,335,189</u>					
<u>\$ 4,804,899</u>	<u>\$ 4,395,133</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 1,718,508	\$ 1,603,046	\$ 1,388,236
Penalty and Interest	50,237	51,471	46,152
Miscellaneous Revenues	63,811	70,834	24,376
<b>TOTAL REVENUES</b>	<u>\$ 1,832,556</u>	<u>\$ 1,725,351</u>	<u>\$ 1,458,764</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 144	\$ 1,351	\$ 27,392
Debt Service Principal	1,110,000	1,100,000	1,040,000
Debt Service Interest and Fees	961,122	965,849	1,061,311
Bond Issuance Costs			295,455
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,071,266</u>	<u>\$ 2,067,200</u>	<u>\$ 2,424,158</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (238,710)</u>	<u>\$ (341,849)</u>	<u>\$ (965,394)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$	\$	\$ (19,198)
Proceeds From Issuance of Long-Term Debt			5,365,000
Transfer to Refunded Bond Escrow Agent			(5,542,210)
Bond Discount			
Bond Premium			486,205
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 289,797</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (238,710)	\$ (341,849)	\$ (675,597)
<b>BEGINNING FUND BALANCE</b>	<u>2,175,001</u>	<u>2,516,850</u>	<u>3,192,447</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,936,291</u>	<u>\$ 2,175,001</u>	<u>\$ 2,516,850</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,527</u>	<u>1,436</u>	<u>1,286</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,497</u>	<u>1,410</u>	<u>304</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,403,229	\$ 1,408,397	93.8 %	92.9 %	95.1 %	95.4 %	95.7 %
57,202	57,338	2.7	3.0	3.2	3.9	3.9
10,214	6,130	3.5	4.1	1.7	0.7	0.4
<u>\$ 1,470,645</u>	<u>\$ 1,471,865</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 22,292	\$ 34,806	%	0.1 %	1.9 %	1.5 %	2.4 %
940,000	760,000	60.6	63.8	71.3	63.9	51.6
1,077,818	926,616	52.4	56.0	72.7	73.3	63.0
247,112				20.3	16.8	
<u>\$ 2,287,222</u>	<u>\$ 1,721,422</u>	<u>113.0 %</u>	<u>119.9 %</u>	<u>166.2 %</u>	<u>155.5 %</u>	<u>117.0 %</u>
\$ (816,577)	\$ (249,557)	<u>(13.0) %</u>	<u>(19.9) %</u>	<u>(66.2) %</u>	<u>(55.5) %</u>	<u>(17.0) %</u>
\$ (13,918)	\$					
4,430,000						
(4,196,454)						
(39,946)						
<u>\$ 179,682</u>	<u>\$ - 0 -</u>					
\$ (636,895)	\$ (249,557)					
3,829,342	4,078,899					
<u>\$ 3,192,447</u>	<u>\$ 3,829,342</u>					
565	548					
<u>\$ 559</u>	<u>\$ 541</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2019**

District Mailing Address - Fort Bend County Fresh Water Supply District No. 1  
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP  
1980 Post Oak, Suite 1380  
Houston, TX 77056

District Telephone Number - (713) 850-9000

<b>Supervisors</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of Office for the year ended <u>December 31, 2019</u></b>	<b>Expense Reimbursements for the year ended <u>December 31, 2019</u></b>	<b><u>Title</u></b>
Paul Hamilton	05/18 05/22 (Elected)	\$ 4,500	\$ 242	President
Greg Fleck	05/16 05/20 (Elected)	\$ 2,400	\$ 24	Vice President
Calvin Casher	05/16 05/20 (Elected)	\$ 3,000	\$ 867	Secretary
Rosa Linda Medina	05/16 05/20 (Elected)	\$ 2,100	\$ 27	Assistant Secretary
Rodrigo Carreon	05/18 05/22 (Elected)	\$ -0-	\$ -0	Assistant Secretary

Notes: No Supervisor has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
December 21, 2018.

The limit on Fees of Office that a Supervisor may receive during a fiscal year is \$7,200 as set by Board Resolution on May 12, 2016. Fees of Office are the amounts actually paid to a Supervisor during the District's current fiscal year.

\* Information not available at time of audit

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2019**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2019</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	\$ 156,591 \$ 36,591	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	11/01/01	\$ 19,500	Auditor
Municipal Accounts and Consulting	06/15/18	\$ 48,856	Bookkeeper
Jacobs Engineering Group, Inc.	01/15/09	\$ 370,011	Engineer
Robert W. Baird & Co. Inc.	02/19/15	\$ 35,035	Financial Advisor
Environmental Development Partners	07/01/12	\$ 538,334	Operator

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**FORT BEND COUNTY, TEXAS**  
**APRIL 16, 2020**

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
13100 Wortham Center Drive, Suite 235  
Houston, Texas 77065-5610

Ladies and Gentlemen:

This representation letter is provided in connection with your audit(s) of the financial statements of Fort Bend County Fresh Water Supply District No. 1, (the "District"), which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 16, 2020, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 19, 2019, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved and accepted responsibility for those financial statements and related notes.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the basic financial statements.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 30) All funds that meet the quantitative criteria for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.



- 32) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the supplementary information required by the Water District Financial Management Guide,
  - a) We acknowledge our responsibility for presenting this information in accordance with the Commission's requirements, and we believe this information, including its form and content, is fairly presented in accordance with the Commission's requirements. The methods of measurement and presentation of this information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If this information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

**FORT BEND COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1**

Signatures of the Board of Directors

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D-007

# Fort Bend County Fresh Water Supply District No. 1

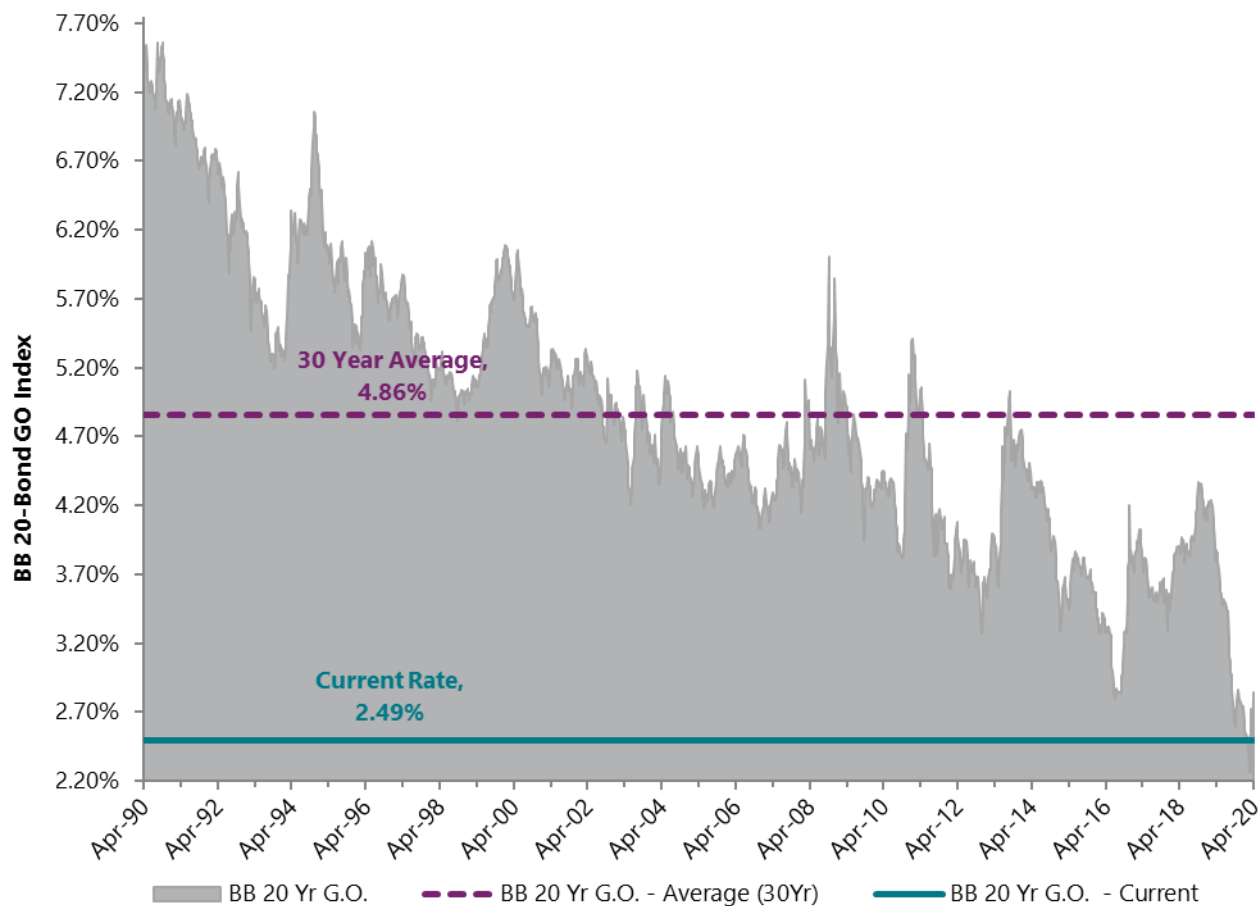
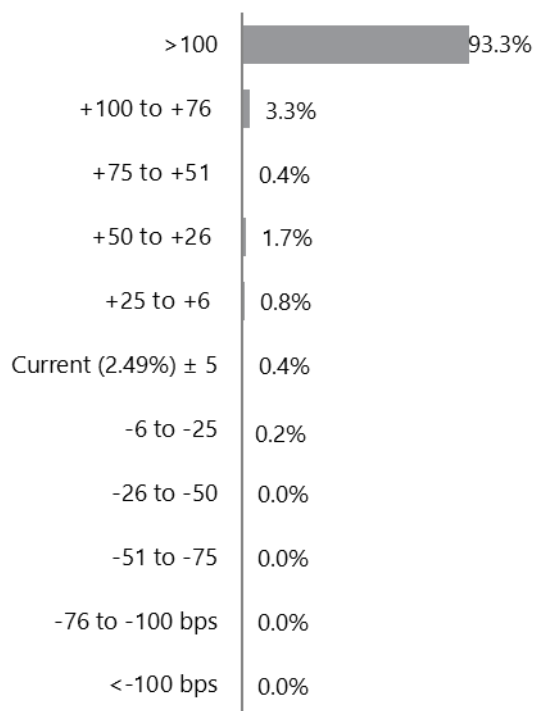
## Potential Refunding

April 16, 2020

*Robert W. Baird & Co. Incorporated ("Baird") is providing this information to you for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities. Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. A financial advisor or municipal advisor is subject to a fiduciary duty, including a duty of care and a duty of loyalty, and is required to act solely in the best interests of the client. See "Disclosure When Baird's Role is Financial Advisor" contained herein.*

# Bond Buyer 20-Bond Index (30-Year History)

## % Of Time Rates Have Been Above Or Below Current Level (In Basis Points)



## What is the Bond Buyer 20-Bond Index?

General Obligation Bonds maturing in 20 years are used in compiling these indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer as of April 9, 2020.

## Summary of Assumptions

➤ **Dated / Delivery Date for the Refunding Bonds:**

- May 1, 2020 / May 19, 2020

➤ **Principal and Interest Dates for the Refunding Bonds:**

- Principal: August 15
- Interest: February 15 and August 15

➤ **Municipal Bond Rating and Insurance:**

- We have assumed that the refunding bonds will maintain the District's 'Baa1' underlying credit rating.
- For purposes of this analysis, we have assumed that municipal bond insurance will be available for purchase at 40 basis points of total debt service.

➤ **Interest Rate:**

- The interest rate scale used in the analysis is reflective of interest rates on similar issues pricing in the market as of April 14, 2020.

➤ **Refunding Candidates:**

- The analysis assumes the following bonds will be refunded:

Refunding Candidates					
Series	Maturities to be Refunded	Refunded Par Amount	Call Date	Call Price	Average Coupon
Unlimited Tax Bonds, Series 2008	2022 to 2024	\$ 760,000	5/19/2020	100.000	4.572%
Unlimited Tax Bonds, Series 2010	2024 to 2039	3,670,000	8/15/2020	100.000	4.468%
<b>Total</b>		<b>\$ 4,430,000</b>			<b>4.473%</b>

## Refunding Analysis

- Based on current market conditions, the District can refund a portion of the following bonds to produce debt service savings:
  - Unlimited Tax Bonds, Series 2008
  - Unlimited Tax Bonds, Series 2010

Summary of Potential Refunding Results			
	3/26/2020		4/14/2020
Refunding Par	\$	4,690,000	\$ 4,725,000
Refunded Par	\$	4,590,000	\$ 4,430,000
Escrow Yield		0.020%	0.020%
All in TIC		3.299%	3.060%
Arbitrage Yield		2.620%	2.500%
Net Debt Service Savings	\$	570,998	\$ 677,337
Average Annual Savings	\$	28,550	\$ 33,867
PV Savings (1)	\$	419,156	\$ 520,313
PV Savings as a % of Refunded Par		9.132%	11.745%

(1) Present Value is discounted using All-in-TIC

## Summary of Proposed Refunded Bonds

Unlimited Tax Bonds, Series 2008				
Maturity	Coupon	Refunded Par	Call Date	Call Price
8/15/2022	4.510%	\$ 240,000	5/19/2020	100.000
<b>Total</b>		<b>\$ 760,000</b>		

Unlimited Tax Bonds, Series 2010				
Maturity	Coupon	Refunded Par	Call Date	Call Price
8/15/2024	3.950%	\$ 165,000	8/15/2020	100.000
8/15/2025	4.000%	170,000	8/15/2020	100.000
8/15/2026	4.050%	180,000	8/15/2020	100.000
8/15/2027	4.150%	185,000	8/15/2020	100.000
8/15/2028	4.250%	195,000	8/15/2020	100.000
8/15/2029	4.300%	200,000	8/15/2020	100.000
8/15/2030	4.350%	210,000	8/15/2020	100.000
8/15/2031	4.400%	220,000	8/15/2020	100.000
8/15/2032	4.400%	230,000	8/15/2020	100.000
8/15/2033	4.450%	240,000	8/15/2020	100.000
8/15/2034	4.450%	250,000	8/15/2020	100.000
8/15/2035	4.550%	260,000	8/15/2020	100.000
8/15/2036	4.600%	270,000	8/15/2020	100.000
8/15/2037	4.600%	285,000	8/15/2020	100.000
8/15/2038	4.600%	300,000	8/15/2020	100.000
<b>Total</b>		<b>\$ 3,670,000</b>		

## Proposed Bond Pricing

Potential Bond Pricing				
Maturity Date	Amount	Rate	Yield	Price
8/15/2021	\$ 45,000	3.000%	1.500%	101.832
8/15/2022	285,000	3.000%	1.550%	103.177
8/15/2023	295,000	3.000%	1.600%	104.400
8/15/2024	470,000	3.000%	1.700%	105.293
8/15/2025	205,000	3.000%	1.800%	105.972
8/15/2026	215,000	2.000%	1.900%	100.495
8/15/2027	215,000	2.000%	2.000%	100.000
8/15/2028	220,000	2.000%	2.050%	99.621
8/15/2029	225,000	2.000%	2.100%	99.162
8/15/2030	230,000	2.125%	2.250%	98.861
8/15/2031	235,000	2.250%	2.350%	99.015
8/15/2032	240,000	2.250%	2.450%	97.894
8/15/2033	245,000	2.375%	2.550%	98.042
8/15/2034	250,000	2.500%	2.600%	98.814
8/15/2035	255,000	2.500%	2.650%	98.127
8/15/2036	260,000	2.500%	2.700%	97.382
8/15/2037	270,000	2.625%	2.750%	98.290
<b>Total</b>	<b>\$ 4,725,000</b>			



# Proposed Debt Service Savings Summary

Potential Refunding Effects							
Date	Outstanding Debt Service	Less: Refunded Debt Service	Plus: New Principal	Plus: New Interest	Total Debt Service	Savings	
12/31/2020	\$ 1,655,467	\$ 98,001	\$ -	\$ 34,463	\$ 1,591,929	\$ 33,503	
12/31/2021	2,154,829	196,001	45,000	119,294	2,123,121	31,707	
12/31/2022	2,156,577	436,001	285,000	117,944	2,123,520	33,057	
12/31/2023	2,166,331	440,177	295,000	109,394	2,130,548	35,783	
12/31/2024	2,156,679	603,549	470,000	100,544	2,123,673	33,005	
12/31/2025	2,155,079	324,815	205,000	86,444	2,121,708	33,371	
12/31/2026	2,158,339	328,015	215,000	80,294	2,125,617	32,721	
12/31/2027	2,164,136	325,725	215,000	75,994	2,129,404	34,731	
12/31/2028	1,712,308	328,048	220,000	71,694	1,675,954	36,354	
12/31/2029	1,710,734	324,760	225,000	67,294	1,678,268	32,466	
12/31/2030	1,707,264	326,160	230,000	62,794	1,673,897	33,366	
12/31/2031	1,686,900	327,025	235,000	57,906	1,652,781	34,119	
12/31/2032	1,683,895	327,345	240,000	52,619	1,649,169	34,726	
12/31/2033	1,674,085	327,225	245,000	47,219	1,639,078	35,006	
12/31/2034	1,682,524	326,545	250,000	41,400	1,647,379	35,145	
12/31/2035	1,677,892	325,420	255,000	35,150	1,642,622	35,270	
12/31/2036	1,675,941	323,590	260,000	28,775	1,641,126	34,815	
12/31/2037	1,676,649	326,170	270,000	22,275	1,642,754	33,895	
12/31/2038	1,379,888	328,060	280,000	15,188	1,347,015	32,873	
12/31/2039	881,022	324,260	285,000	7,838	849,599	31,423	
12/31/2040	554,935	-	-	-	554,935	-	
12/31/2041	557,341	-	-	-	557,341	-	
12/31/2042	553,699	-	-	-	553,699	-	
12/31/2043	554,344	-	-	-	554,344	-	
12/31/2044	559,099	-	-	-	559,099	-	
<b>Total</b>	<b>\$ 39,648,369</b>	<b>\$ 6,666,891</b>	<b>\$ 4,725,000</b>	<b>\$ 1,234,519</b>	<b>\$ 38,940,996</b>	<b>\$ 677,337</b>	

## Sources and Uses

Sources		
Bond Proceeds:		
Par Amount	\$	4,725,000.00
Accrued Interest	\$	5,964.69
Original Issue Discount	\$	(47,846.00)
Other Sources of Funds:		
Prior Debt Service Funds	\$	36,000.00
<b>Total</b>	<b>\$</b>	<b>4,780,161.49</b>

Uses		
Refunding Escrow Deposits:		
Cash Deposit	\$	769,052.74
SLGS Purchases	\$	3,750,485.00
Delivery Date Expenses:		
Underwriter's Discount	\$	47,250.00
Cost of Issuance:		
Bond Counsel	\$	94,500.00
Financial Advisor	\$	47,250.00
Attorney General	\$	4,725.00
Rating	\$	10,000.00
Printing	\$	5,000.00
Paying/Escrow Agent	\$	5,000.00
Verification Agent	\$	3,500.00
Miscellaneous	\$	10,000.00
Other Delivery Date Expenses:		
Bond Insurance	\$	23,838.08
Other Uses of Funds:		
Additional Proceeds	\$	3,595.98
Other Fund Deposits:		
Accrued Interest	\$	5,964.69
<b>Total</b>	<b>\$</b>	<b>4,780,161.49</b>

## Disclosure When Baird's Role is Financial Advisor

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Robert W. Baird & Co. Incorporated ("Baird") is providing you with the information contained herein and/or accompanying materials (the "Materials") for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities. Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB").

If Baird is hired as financial advisor in connection with an issuance of municipal securities, Baird will provide municipal advisory services with respect to the issuance of municipal securities, including advice, recommendations and other assistance regarding the structure, timing, terms and other similar matters concerning the particular issuance of municipal securities for which you may be considering. As such, Baird will serve as a fiduciary and act solely in your best interest. Baird's fiduciary duties as your financial advisor will include the duty of care and the duty of loyalty. Under MSRB Rule G-23, if Baird is hired as financial advisor with respect to an issuance of municipal securities, Baird will not be able to serve as underwriter or placement agent for that issuance.

Should you want Baird serve in a different capacity, such as underwriter or placement agent, you should notify Baird of such decision immediately and Baird will provide additional disclosures to you which will describe the role of underwriter or placement agent and explain any actual or potential conflicts of interest inherent in that role.

The Materials do not include any proposals, recommendations or suggestions that you take or refrain from taking any action with regard to an issuance of municipal securities and are not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or Rule 15Ba1-1 thereunder. The Materials are intended to provide information of a factual, objective or educational nature, as well as general information about Baird (including its Public Finance unit) and its experience, qualifications and capabilities.

Any information or estimates contained in the Materials are based on publicly available data, including information about recent transactions believed to be comparable, and Baird's experience, and are subject to change without notice. Interested parties are advised to contact Baird for more information.

If you have any questions or concerns about the above disclosures, please contact Baird Public Finance.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that the Materials do not constitute tax advice and shall not be used for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

*This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter (herein defined).*

**IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, ASSUMING CONTINUING COMPLIANCE WITH COVENTNANTS IN THE BOND ORDER, AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.**

*The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."*

**NEW ISSUE – Book Entry Only**

**Moody's Investors Service (Underlying) ..... "\_\_\_\_"**  
**See "MUNICIPAL BOND INSURANCE" and "RATINGS"**

**\$4,725,000\***

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

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

**UNLIMITED TAX REFUNDING BONDS, SERIES 2020**

**Dated: May 1, 2020**

**Due: August 15, as shown on inside cover**

The \$4,725,000\* Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") are obligations of Fort Bend County Fresh Water Supply District No. 1 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; or any political subdivision or entity other than the District.

Interest on the Bonds will accrue from May 1, 2020, and will be payable February 15 and August 15 of each year ("Interest Payment Date"), commencing February 15, 2021, until maturity or prior redemption. Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, interest on the Bonds is dated as of the Interest Payment Date and is payable to each Bondholder, as shown on the records of the Paying Agent/Registrar on the close of business on the last day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

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

**See "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover.**

The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment." Neither the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; nor any other entity other than the District shall be obligated to pay the principal of or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds are subject to special investment considerations described herein. Bond purchasers are encouraged to read this entire official statement prior to making an investment decision. See "INVESTMENT CONSIDERATIONS."

The proceeds of the Bonds will be applied, together with lawfully available funds, to refund certain outstanding bonds of the District and to pay certain costs incurred in connection with the issuance of the Bonds in order to achieve gross and net present value savings in the District's annual debt service expense (see "PLAN OF FINANCING - Sources and Uses of Funds").

The Bonds will be delivered when, as and if issued by the District and accepted by the underwriter listed below (the "Underwriter"), subject among other things to the approval of the initial Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by The Muller Law Group, PLLC, Sugar Land, Texas, Underwriter's Counsel. Delivery of the Bonds is expected on or about May 19, 2020.

**RAYMOND JAMES**

\* Preliminary, subject to change.

**PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS**

Maturity (August 15)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. ____(b)	Maturity (August 15)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. ____(b)
2021	\$ 45,000	___%	___%	___	2031(c)	\$ 235,000	___%	___%	___
2022	285,000	___%	___%	___	2032(c)	240,000	___%	___%	___
2023	295,000	___%	___%	___	2033(c)	245,000	___%	___%	___
2024	470,000	___%	___%	___	2034(c)	250,000	___%	___%	___
2025	205,000	___%	___%	___	2035(c)	255,000	___%	___%	___
2026(c)	215,000	___%	___%	___	2036(c)	260,000	___%	___%	___
2027(c)	215,000	___%	___%	___	2037(c)	270,000	___%	___%	___
2028(c)	220,000	___%	___%	___	2038(c)	280,000	___%	___%	___
2029(c)	225,000	___%	___%	___	2039(c)	285,000	___%	___%	___
2030(c)	230,000	___%	___%	___					

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the yield resulting when priced to maturity or prior redemption, which ever produces the lowest yield.

(b) CUSIP numbers have been assigned to the Bonds by S&P Global Services, managed by S&P Global Market Intelligence, LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on August 15, 2026, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on August 15, 2025, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. In addition, the Underwriter may designate one or more maturities as term bonds. See "THE BONDS – Redemption of the Bonds."

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

*This document, when further supplemented by adding additional 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 such term is defined in the Rule.*

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 or the Underwriter.

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 upon payment of duplication costs, for further information.

This Official Statement is not to be used in connection with 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.

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

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

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

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APPENDIX A - AERIAL PHOTOGRAPH OF THE DISTRICT

APPENDIX B - FINANCIAL STATEMENTS OF THE DISTRICT

## **INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by Fort Bend County Fresh Water Supply District No. 1 (the "District") of its Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to an order adopted by the Board of Supervisors of the District and a pricing certificate executed by an authorized officer of the District finalizing the sale of the Bonds (the order and the pricing certificate are referred to herein as the "Bond Order"), the Constitution and general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, City of Houston Ordinance No. 97-416, and an election held and approved by a majority of the participating voters in the District.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

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

### **Underwriting**

Raymond James & Associates, Inc. (referred to herein as the "Underwriter") has agreed to purchase the Bonds from the District for \$\_\_\_\_\_ (being the par amount of the Bonds, plus/less an original issue premium/discount on the Bonds of \$\_\_\_\_\_, and less an underwriter's discount of \$\_\_\_\_\_), plus accrued interest on the Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Bonds, if any Bonds are purchased.

The following statement is provided by the Underwriter: In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

### **Prices and Marketability**

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 Underwriter 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 UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH 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 SEC 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 jurisdictions. 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 in such other jurisdiction.

### **Delivery of Official Statements**

The District shall furnish to the Underwriter (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Underwriter), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Underwriter. The District also shall furnish to the Underwriter a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Underwriter may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of



copies of the Official Statement agreed upon between the District and the Underwriter and an equal number of any supplements or amendments issued on or before the delivery date, but the Underwriter shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

#### **MUNICIPAL BOND INSURANCE**

The District has made an application to Assured Guaranty Municipal Corp. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the District.

#### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "\_\_\_" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The District will pay the rating fees charged by Moody's.

The District is not aware of any rating assigned to the Bonds other than the rating of Moody's.

*[Remainder of Page Intentionally Left Blank]*

## OFFICIAL STATEMENT SUMMARY

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

### THE BONDS

The Issuer .....	Fort Bend County Fresh Water Supply District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Issue .....	\$4,725,000* Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), are dated May 1, 2020, and bear interest at the rates set forth on the inside cover page. The Bonds are scheduled to mature on August 15, 2021, through August 15, 2039, inclusive. Interest accrues from May 1, 2020, and is payable February 15, 2021, and each August 15 and February 15 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds.....	The Bonds that mature on August 15, 2026, and thereafter, are subject to redemption, in those or in part, on August 15, 2025, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds."
Book Entry Only .....	The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "THE BONDS - Book-Entry Only System."
Source of Payment.....	Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; or any other political subdivision or entity other than the District. See "THE BONDS - Source of Payment."
Payment Record.....	The District has never defaulted on the timely payment of principal and interest on its prior bonded indebtedness.
Authority for Issuance.....	At a bond election (the "First Bond Election") held within the District on November 2, 2004, the voters authorized the issuance of \$39,310,000 principal amount of unlimited tax bonds for the purpose of constructing water and sewer facilities and \$58,965,000 principal amount of unlimited tax bonds for refunding of such bonds. The Bonds constitute the third issuance of refunding bonds from such authorization. At a subsequent bond election (the "Second Bond Election") held within the District on May 6, 2017, the voters authorized the issuance of \$79,000,000 principal amount of unlimited tax bonds for the purpose of constructing water and sewer facilities and \$115,000,000 principal amount of unlimited tax bonds for refunding of such bonds. After the sale of the Bonds, a total of \$82,210,000 in principal amount of unlimited tax bonds and \$173,310,000* in refunding bonds will remain authorized but unissued. See "THE BONDS - Authority for Issuance." The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment." The Bonds are issued pursuant to the Bond Elections, the Constitution and general laws of the State of Texas, including particularly Chapters 49 and 53, Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution, Chapter 1207,

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\* Preliminary, subject to change.

Texas Government Code, as amended, the Bond Order, and City of Houston Ordinance No. 97-416. See “THE BONDS – Authority for Issuance,” and “– Issuance of Additional Debt.”

Use of Proceeds.....	The proceeds of the Bonds will be applied to refund \$760,000* of the District’s \$8,500,000 Unlimited Tax Bonds, Series 2008 (the “Series 2008 Bonds”) and \$3,670,000* of the District’s \$5,285,000 Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”) in order to achieve annual gross and net present value savings in the District’s annual debt service expense. The refunded portions of the Series 2008 Bonds and the Series 2010 Bonds are collectively referred to herein as the “Refunded Bonds.” The proceeds will also be used to pay certain costs of issuing the Bonds. See “PLAN OF FINANCING.”
Qualified Tax-Exempt Obligations.....	The District will designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”
Remaining Outstanding Bonds.....	In addition to the Refunded Bonds, the District has issued \$6,935,000 Sanitary Sewer System Unlimited Tax Bonds, Series 2006A (the “Series 2006A Bonds”); \$600,000 Unlimited Tax Bonds, Series 2010A (the “Series 2010A Bonds”); \$8,000,000 Unlimited Tax Bonds, Series 2015 (the “Series 2015 Bonds”); \$4,430,000 Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”); \$5,365,000 Unlimited Tax Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”); and \$1,745,000 Unlimited Tax Bonds, Series 2019 (the “Series 2019 Bonds”). The Bonds are the third issue of a total authorization of \$173,965,000 of bonds authorized by District voters for refunding of outstanding bonds for water and sewer, of which \$173,310,000* will remain unissued after the delivery of the Bonds. Including the Refunded Bonds, \$22,965,000* principal amount of the bonds originally issued shall remain outstanding, following the issuance of the Bonds (the “Remaining Outstanding Bonds”). See “THE BONDS –Authority for Issuance,” and “PLAN OF FINANCING – Remaining Outstanding Bonds.”
Municipal Bond Insurance.....	The District has made an application to Assured Guaranty Municipal Corp. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the District. See “MUNICIPAL BOND INSURANCE.”
Ratings .....	Moody’s Investors Service, Inc. (underlying): _____. See “RATINGS.”
Verification Agent.....	Robert Thomas CPA LLC, Minneapolis, Minnesota. See “MANAGEMENT OF THE DISTRICT – Special Consultant Related to Issuance of the Bonds” and “VERIFICATION OF MATHEMATICAL CALCULATIONS.”
Bond Counsel.....	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas. See “LEGAL MATTERS.”
Financial Advisor .....	Robert W. Baird & Co. Incorporated, Houston, Texas
Underwriter’s Counsel .....	The Muller Law Group, PLLC, Sugar Land, Texas.

#### THE DISTRICT

Description.....	The District was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner’s Court dated January 18, 1997, and the terms and provisions of Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 53 of the Texas Water Code, as amended. The District is located in east Fort Bend County, Texas, approximately 16 miles south of the central business district of the City of Houston, Texas, at the intersection of Trammel Fresno Road and FM 521. The District is located within the
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\* Preliminary, subject to change.

extraterritorial jurisdictions of the City of Houston, Texas and the City of Pearland, Texas. See "THE DISTRICT."

Development within the District..... The District was created to provide existing District residents with public water and wastewater services. As of January 1, 2017, there were approximately 2,125 homes in the District. As of February 20, 2020, the District contained a total of 1,010 residential connections receiving water service from the District, 396 residential connections receiving water and sewer service from the District, 88 residential connections receiving water service from the District and sewer service from the City of Arcola, 73 vacant residential connections, 16 commercial water connections and 36 miscellaneous water connections. Homesteads that are not connected to the District's public water and wastewater system are generally provided water through private water wells and waste water service is provided by individual septic systems. There is currently no active development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

#### **INVESTMENT CONSIDERATIONS**

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

*[Remainder of Page Intentionally Left Blank]*

## SUMMARY OF SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2019 Certified Assessed Valuation.....	\$362,070,928 (a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt:	
Remaining Outstanding Bonds.....	\$ 22,965,000 (b) *
The Bonds.....	<u>4,725,000 *</u>
Total .....	\$ 27,960,000 *
Estimated Overlapping Debt .....	<u>\$ 12,059,712 (c)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 39,749,712 *</u>
Direct Debt Ratios:	
As a percentage of the 2019 Certified Assessed Valuation.....	7.65 %*
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2019 Certified Assessed Valuation.....	10.98 %*
Debt Service Fund (as of March 19, 2020) .....	\$ 3,226,416 (d)
General Fund (as of March 19, 2020).....	\$ 7,075,642
Construction Fund (as of March 19, 2020).....	\$ 2,207,147
2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service.....	\$0.57
Maintenance .....	<u>0.43</u>
Total .....	\$1.00
Estimated Average Annual Debt Service Requirement	
on the Remaining Outstanding Bonds and the Bonds (2020-2049).....	\$ 1,298,033 *
Estimated Maximum Annual Debt Service Requirement	
on the Remaining Outstanding Bonds and the Bonds (2023).....	\$ 2,130,548 *
Tax Rate per \$100 of Assessed Valuation Required to Pay The Estimated Average Annual	
Debt Service Requirement on the Remaining Outstanding Bonds and the Bonds	
(2020-2049) at 95% Tax Collections:	
Based Upon the 2019 Certified Assessed Valuation (\$362,070,928).....	\$0.38 *
Tax Rate per \$100 of Assessed Valuation Required to Pay The Estimated Maximum Annual	
Debt Service Requirement on the Remaining Outstanding Bonds and	
the Bonds (2023) at 95% Tax Collections:	
Based Upon the 2019 Certified Assessed Valuation (\$362,070,928).....	\$0.62 *

(a) As of January 1, 2019. As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). This value includes \$3,282,338 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District. See "TAXING PROCEDURES."

(b) As of April 1, 2020. Including the Refunded Bonds.

(c) See "SELECTED FINANCIAL INFORMATION - Estimated Direct and Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. At the time of closing, accrued interest from May 1, 2020, to the date of delivery will be deposited to this fund.

\* Preliminary, subject to change.

**\$4,725,000\***  
**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**UNLIMITED TAX REFUNDING BONDS, SERIES 2020**

**INTRODUCTION**

This Official Statement of Fort Bend County Fresh Water Supply District No. 1 (the "District") is provided to furnish information with respect to the issuance by the District and the purchase by the underwriter listed on the cover page hereof (the "Underwriter") of its \$4,725,000\* Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 53 of the Texas Water Code, as amended; Chapter 1207 of the Texas Government Code, as amended; an election held on November 2, 2004, within and for the District, an order and a pricing certificate executed by an authorized officer of the District finalizing the sale of the Bonds (the order and the pricing certificate are referred to herein and the "Bond Order"), adopted by the Board of Supervisors of the District (the "Board"), and City of Houston Ordinance No. 97-416.

This Official Statement contains descriptions of the Bonds, the Bond Order and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056, upon payment of the costs of duplication thereof. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

**INVESTMENT CONSIDERATIONS**

**General**

The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas, the City of Houston, Texas; the City of Pearland, Texas; or any political subdivision other than the District. The Bonds will be secured by a continuing, direct, annual ad valorem tax, levied without legal limitation 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 ability of the District 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 representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. 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. See "DEVELOPMENT WITHIN THE DISTRICT," "SELECTED FINANCIAL INFORMATION," and "TAXING PROCEDURES."

**Factors Affecting Taxable Values and Tax Payments**

**Economic Factors:** The District is a mature housing development and there is no current development occurring in the District. The rate of development and homebuyer interest within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area. New residential housing construction and the demand for homes in mature housing developments can be significantly affected by factors such as interest rates, construction costs, and consumer demand generally. Decreased interest in mature housing developments would restrict the growth of property values in the District. In addition, there is significant development near the District that has recently occurred and is currently being developed and there is additional development planned in the area of the District in the future. Homebuyer interest in newer homes and neighborhoods relatively close to the District could negatively affect property values in the District and homebuyer interest for homes in the District. The District cannot predict the pace or magnitude of future construction in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

**Principal Landowners' Obligations to the District:** The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "SELECTED FINANCIAL INFORMATION – Principal Taxpayers," the ten principal taxpayers in 2019 owned property located in the District in the aggregate assessed valuation of \$78,647,138, which comprised approximately 21.72% of the District's total assessed valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements.

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\* Preliminary, subject to change.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

***Dependence on Personal Property Taxes; Personal Property Tax Collections:*** Approximately \_\_\_\_% of the District's 2019 taxable value is personal property. See "SELECTED FINANCIAL INFORMATION – Principal Taxpayers" and "– Assessed Valuation Summary." Most other utility districts in Texas are not dependent to such an extent on taxes levied on personal property. The District's ability to collect personal property taxes may create special risks for Bondholders. See "TAXING PROCEDURES."

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Automobiles and other personal property are portable, and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. However, a lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient, and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation periods is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAXING PROCEDURES."

Heretofore the District has been successful in collecting its ad valorem tax levies including ad valorem taxes levied on personal property located in the District from time to time. However, no representation can be made by the District regarding future tax collections. See "SELECTED FINANCIAL INFORMATION – Historical Tax Collections."

***Maximum Impact on District Tax Rates:*** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2019 Certified Assessed Valuation of property located within the District (see "SELECTED FINANCIAL INFORMATION") is \$362,070,928\*. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Remaining Outstanding Bonds and the Bonds will be \$2,130,548\* (2023) and the estimated average annual debt Service Requirement will be \$1,298,033\* (2020-2049, inclusive). Assuming no increase nor decrease from the 2019 Certified Assessed Valuation, tax rates of \$0.62\* and \$0.38\* per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt Service Requirement, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. See "SELECTED FINANCIAL INFORMATION – Tax Adequacy for Debt Service."

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale of existing homes and construction of new homes, if any, within the District, and 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.

### **Tax Collection Limitations**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection 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 six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In

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\* Preliminary, subject to change.

addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

### **Registered Owners' Remedies**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (defined herein) have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further 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.

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

The enforceability of the rights and remedies of Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect 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 the Registered Owner's claim against a district.

A district cannot be placed into bankruptcy involuntarily.

### **Marketability**

The District has no understanding (other than the initial reoffering yields) with the Underwriter 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 which are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."



## **Future Debt**

After the issuance of the Bonds, the District will have \$82,210,000 principal amount of authorized but unissued bonds for water and sewer purposes, \$173,310,000\* principal amount of authorized but unissued refunding bonds (See "THE BONDS - Issuance of Additional Debt" and "DISTRICT BONDS AUTHORIZED BUT UNISSUED"), and additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

## **Financing Parks and Recreational Facilities**

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) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) 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 District has not authorized any park bonds.

In addition, the District may levy an operation and maintenance tax to support recreational facilities at a rate not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District, after such tax is approved at an election. The District has not authorized an operations and maintenance tax for parks and recreational facilities.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

## **Continuing Compliance with Certain Covenants**

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants 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 must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

## **Future and Proposed Legislation**

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

## **Matters Related to the Landowners**

There is currently no active development in the District. The District has no assurance and makes no representation about the probability of future building development or the ability of the landowners of currently vacant commercial tracts or any other subsequent landowners to whom the current landowners may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the landowners' right to sell their land. The District can make no prediction as to the effects that availability of credit, inflation, potential high interest rates, potential transportation problems or other factors, whether economic or governmental, may have on any plans of the landowners.

## **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;

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\* Preliminary, subject to change.

- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a 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 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 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 utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. 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 utility district must comply may have an impact on the utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR will become effective 60 days after the date of its publication in the Federal Register, and will likely become the subject of further litigation.

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

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ has issued general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such 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. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties, as well as injunctive relief under the Clean Water Act or the Texas Water Code.

### **Potential Impact of Natural Disaster**

The District is located approximately forty (40) miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed

value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from weather-related events.

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

*Riverine (or Fluvial) Flooding* – Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

#### **Hurricane Harvey**

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast and severely impacted numerous localities in the region. The Gulf Coast region where the District is located is subject to occasional destructive weather events, and there is no assurance that the District will not suffer damages from such destructive weather events in the future. See "Potential Impact of Natural Disaster" above.

#### **Infectious Disease Outlook (COVID-19)**

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Order GA-08 on March 19, 2020, which, among other things, prohibits social gatherings of more than 10 people and the closure of schools throughout the state through April 3, 2020, unless otherwise extended, modified, rescinded, or superseded by the Governor. School closures have since been extended to May 4, 2020. In addition, Fort Bend County (the "County"), within which the District is located, has issued a "stay home" order for most citizens except when engaged in specified essential businesses and government functions. This "stay home" order permits homebuilding to continue in the County and homebuilding within the District has not been impacted by the order. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of

international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

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

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition or on its ratings (see "RATINGS" herein). The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition. See "[Cross-reference]" for the District's current fund balances and investments.

### **Forward-Looking Statements**

The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statement regarding the District's expectations, hopes, intentions, or strategies for the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and therefore, there can be no assurance that any forward-looking statements included in this Official Statement would prove to be accurate.

### **Bond Insurance Risk Factors**

*The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.*

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 applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond 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 Bond 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 Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds

insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “MUNICIPAL BOND INSURANCE.”

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

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

#### **Tax Exemption for Property Damaged by Disaster**

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

#### **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.

### **THE BONDS**

#### **General**

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of Supervisors of the District authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP.

The Bonds are dated May 1, 2020 and are scheduled to mature on August 15, 2021, through August 15, 2039, inclusive. Interest accrues from May 1, 2020, and is payable February 15, 2021, and each August 15 and February 15 thereafter until the stated maturity or prior redemption (“Interest Payment Date”). Principal of the Bonds will be payable to the registered owners (the “Registered Owners”) at maturity upon presentation at the principal payment office of the Paying Agent/Registrar, initially Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable dated as of the Interest Payment Date, and disbursed to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the last business day of the month next preceding the Interest Payment Date (the “Record Date”).

#### **Paying Agent/Registrar**

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. The Bonds are being issued in fully registered form in integral multiples of \$5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each Interest Payment Date by the Paying Agent/Registrar to the Registered Owners at the last known address as it appears on the Paying Agent/Registrar’s books on the Record Date.

#### **Book-Entry-Only System**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein*

*defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The District and the Financial Advisor cannot and do 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.*

DTC 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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase 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.

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.

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

Redemption proceeds, principal, and interest 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 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, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

### **Source of Payment**

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, 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 (herein defined) 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 Outstanding Bonds, and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; or any entity other than the District.

### **Authority for Issuance**

At various bond elections held within the District on November 4, 2004 and on May 6, 2017 (the "Bond Elections"), the voters authorized the issuance of \$118,310,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water and sewer facilities and \$173,965,000 in principal amount of bonds for the purpose of refunding such bonds. The Bonds constitute the third issuance of refunding bonds from such authorization. After the sale of the Bonds, a total of \$173,310,000\* in principal amount of unlimited tax refunding bonds will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Order; the general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code as amended and Chapter 1207, Texas Government Code, as amended; the Bond Elections; Article XVI, Section 59 of the Texas Constitution; and City of Houston Ordinance No. 97-416.

### **Funds**

The proceeds from all taxes levied, assessed and collected for and on account of the Bonds shall be deposited, as collected, in the District's Debt Service Fund and used only for the purpose of paying principal of and interest on the Bonds.

### **No Arbitrage**

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

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\* Preliminary, subject to change.



## **Redemption of the Bonds**

Bonds maturing on August 15, 2026, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on August 15, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Paying Agent/Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

## **Registration, Transfer and Exchange**

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. 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 initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, 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 to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

## **Mutilated, Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

## **Successor Paying Agent/Registrar**

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

## **Issuance of Additional Debt**

The District may issue additional bonds, with the approval of the TCEQ or the Texas Water Development Board ("TWDB"), as applicable, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT." The District will have \$82,210,000 of bonds for water and sewer purposes and \$173,310,000\* for the refunding of such bonds after the issuance of the bonds. The Bond Order imposes no limitation on

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\* Preliminary, subject to change.

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 the TCEQ or TWDB, if applicable. See "INVESTMENT CONSIDERATIONS - Future Debt."

### **Consolidation, Dissolution and Strategic Partnership**

*Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston* - The District has entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") whereby the tracts of land in the District projected for and containing commercial development within the City's extraterritorial jurisdiction were annexed into the City for limited purposes. The City imposes a Sales and Use Tax within the annexed tracts on the receipts from the sale and use at retail of taxable items at the rate of one-half of one percent or such other rate as may be imposed by the City from time to time. Under the SPA, one-half (or 50%) of the sales tax revenue generated by the commercial business will be paid to the District, and the District can use the sales tax revenue to: (a) accelerate the development of the water and wastewater system in the District; (b) accelerate reimbursement to developers for eligible infrastructure development; (c) lower the overall property tax rate to encourage additional development; and (d) perform other District functions that might otherwise be diminished, curtailed, abbreviated or delayed by financial limitations.

The Sales and Use Tax was implemented within the annexed areas. The Comptroller of Public Accounts of the State of Texas remits the sales tax revenues to the City and the City then disburses to the District its share of the tax revenues.

Neither the District nor any owner of taxable property in the District is liable for any present or future debts of the City and current and future ad valorem taxes levied by the City will not be levied on taxable property in the District.

The Bonds are not obligations of the City and the SPA does not obligate the City, either directly or indirectly, to pay the principal of and interest on the Bonds.

Portions of the District are within the extraterritorial jurisdiction of the City of Pearland. The District has not entered into a SPA with the City of Pearland.

### **Defeasance**

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

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

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

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

The following is an excerpt 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 un-matured 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.

## **Registered Owners’ Remedies and Bankruptcy**

Pursuant to Texas law, the Bond Order 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 Order 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 Order, 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 levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order 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. Although 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.

## **Payment Record**

The District has never defaulted on the timely payment of principal and interest on its prior bonded indebtedness.

*[Remainder of Page Intentionally Left Blank]*

## PLAN OF FINANCING

### Use and Distribution of Bond Proceeds

The proceeds of the Bonds will be applied to refund \$760,000\* of the District's \$8,500,000 Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds") and \$3,670,000\* of the District's \$5,285,000 Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds") in order to achieve annual gross and net present value savings in the District's annual debt service expense. The refunded portions of the Series 2008 Bonds and the Series 2010 Bonds are collectively referred to herein as the "Refunded Bonds." The proceeds will also be used to pay certain costs of issuing the Bonds. See "PLAN OF FINANCING."

### The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Series 2008 Bonds		Series 2010 Bonds	
Principal Amount*	Maturity Date	Principal Amount*	Maturity Date
\$ 240,000	08/15/2022	\$ 165,000	08/15/2024
255,000	08/15/2023	170,000	08/15/2025
<u>265,000</u>	08/15/2024	180,000	08/15/2026
<u>\$ 760,000</u>		185,000	08/15/2027
		195,000	08/15/2028
		200,000	08/15/2029
		210,000	08/15/2030
		220,000	08/15/2031
		230,000	08/15/2032
		240,000	08/15/2033
		250,000	08/15/2034
		260,000	08/15/2035
		270,000	08/15/2036
		285,000	08/15/2037
		300,000	08/15/2038
		<u>310,000</u>	08/15/2039
		<u>\$ 3,670,000</u>	

Redemption Date: 08/15/2020

Total Principal Amount of the Refunded Bonds: \$4,430,000\*

### Remaining Outstanding Bonds

In addition to the Refunded Bonds, the District has issued \$6,935,000 Sanitary Sewer System Unlimited Tax Bonds, Series 2006A (the "Series 2006A Bonds"); \$600,000 Unlimited Tax Bonds, Series 2010A (the "Series 2010A Bonds"); \$8,000,000 Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"); \$4,430,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"); \$5,365,000 Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"); and \$1,745,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). The Bonds are the third issue of a total authorization of \$173,965,000 of bonds authorized by District voters for refunding of outstanding bonds for water and sewer, of which \$173,310,000\* will remain unissued after the delivery of the Bonds. Including the Refunded Bonds, \$22,965,000\* principal amount of the bonds originally issued shall remain outstanding (the "Remaining Outstanding Bonds").

*[Remainder of Page Intentionally Left Blank]*

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\* Preliminary, subject to change.

Following the issuance of the Bonds the following bonds will remain outstanding:

	Original Principal Amount	Principal Currently Outstanding	Less: Refunded Bonds	Remaining Outstanding Bonds
Series 2006A Bonds	\$ 6,935,000	\$ 3,195,000	\$ -	\$ 3,195,000
Series 2008 Bonds	8,500,000	1,210,000	760,000*	450,000*
Series 2010 Bonds	5,285,000	4,265,000	3,670,000*	595,000*
Series 2010A Bonds	600,000	330,000	-	330,000
Series 2015 Bonds	8,000,000	7,290,000	-	7,290,000
Series 2016 Refunding Bonds	4,430,000	4,035,000	-	4,035,000
Series 2017 Refunding Bonds	5,365,000	5,325,000	-	5,325,000
Series 2019 Bonds	<u>1,745,000</u>	<u>1,745,000</u>	<u>-</u>	<u>1,745,000</u>
	<u>\$40,860,000</u>	<u>\$27,395,000</u>	<u>\$4,430,000*</u>	<u>\$22,965,000*</u>

### Sources and Uses of Funds

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

#### SOURCES OF FUNDS:

Principal Amount of Bonds.....	\$ _____
Net Original Issue Premium/Discount .....	_____
Debt Service Fund Transfer .....	_____
Accrued Interest on Bonds .....	_____
Total Sources of Funds.....	\$ _____

#### USES OF FUNDS:

Deposit for Payment of Refunded Bonds .....	\$ _____
Deposit of Accrued Interest to Debt Service Fund .....	_____
Issuance Expenses and Underwriter's Discount.....	_____
Total Uses of Funds.....	\$ _____

### Escrow Agreement

A portion of the proceeds of the Bonds, together with a cash contribution by the District, will be used to purchase a portfolio of obligations authorized under Texas law (the "Escrowed Securities") to be deposited, along with certain uninvested proceeds of the Bonds, in escrow with BOKF, N.A. (the "Escrow Agent"), pursuant to an Escrow Agreement (the "Escrow Agreement") between the District and the Escrow Agent. The maturing principal of and interest on the Escrowed Securities will be sufficient together with uninvested funds to pay, when due, the principal of and interest on the Refunded Bonds prior to and on their respective redemption dates.

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Escrowed Securities, together with the uninvested funds, to provide for the payment of the Refunded Bonds will be verified by Robert Thomas CPA, LLC (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL CALCULATIONS" herein.

Money or Escrowed Securities on deposit in the escrow fund (the "Escrow Fund") established by the Escrow Agreement and held by the Escrow Agent will not be available to pay debt service on the Bonds.

Simultaneously with the issuance of the Bonds, the District will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to their stated maturity on the first optional redemption date, on which date money will be made available to redeem the Refunded Bonds from money held under the Escrow Agreement and the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities.

By the deposit of the Escrowed Securities and uninvested funds with the Escrow Agent pursuant to the Escrow Agreement, the District will have entered into firm banking and financial arrangements for the discharge, defeasance, and final payment of the Refunded Bonds in accordance with applicable law and the terms of the bond orders authorizing their issuance. Bond Counsel will render an opinion on the date of issuance of the Bonds to the effect that, in reliance upon the report of the

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\* Preliminary, subject to change.

Verification Agent, and as a result of such firm banking and financial arrangements, the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided in escrow therefor.

## **THE DISTRICT**

### **General**

The District was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner's Court dated January 18, 1997, pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 53 of the Texas Water Code, as amended.

### **Location**

The District is located in east Fort Bend County, Texas, approximately 16 miles south of the central business district of the City of Houston, Texas, at the intersection of Trammel Fresno Road and FM 521. The District is located within the extraterritorial jurisdictions of the City of Houston, Texas and the City of Pearland, Texas.

### **Authority**

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water and; the collection, transportation, and treatment of wastewater. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste collection and disposal service and is empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ, as well as operate and maintain recreational facilities. The District has no plans to provide a fire department.

The District is authorized to issue its bonds to finance its water and sanitary sewer facilities, with the approval of the TCEQ or, if applicable, the TWDB and the Attorney General of Texas, to the extent authorized by the District's qualified voters. After the issuance of the Bonds, the District will have \$82,210,000 of bonds for water and sewer purposes and \$173,310,000\* of bonds for refunding purposes authorized but unissued which are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District.

## **MANAGEMENT OF THE DISTRICT**

The District is governed by the Board, consisting of five Supervisors, who have control over and management supervision of all affairs of the District. All of the Supervisors reside or own property in the District. The Supervisors serve four-year staggered terms. Board elections are held in even numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May (a)</u>
Paul Hamilton	President	2022
Greg Fleck	Vice President	2020
Calvin Casher	Secretary	2020
Rodrigo Carreon	Assistant Secretary	2022
Rosa Linda Medina	Assistant Secretary	2020

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(a) Election has been postponed until further notice due to COVID-19. See "INVESTMENT CONSIDERATIONS - Infectious Disease Outlook (COVID-19)."

### **Investment Policy**

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with

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\* Preliminary, subject to change.

the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

### **Consultants**

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

#### **Tax Assessor/Collector**

The District's Tax Assessor/Collector is the Fort Bend County Tax Office (the "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.

#### **Bookkeeper**

The District's bookkeeper is Municipal Accounts & Consulting, LP.

#### **Utility System Operator**

The District's water and sewer system is operated by Environmental Development Partners LLC ("EDP").

#### **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. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended December 31, 2019, is included as "APPENDIX B" to this Official Statement.

#### **Engineer**

The consulting engineer for the District in connection with the previous design and construction of the facilities within the District is Jacobs Engineering Group Inc. (the "Engineer").

#### **General and Bond Counsel**

The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

#### **Financial Advisor**

Robert W. Baird & Co. Incorporated (the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

#### **Special Consultant Related to Issuance of the Bonds**

Verification Agent – At the time of delivery of the Bonds, Robert Thomas CPA, LLC will verify to the District, Bond Counsel, and the Underwriter certain matters related to the issuance of the Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

## **DEVELOPMENT WITHIN THE DISTRICT**

### **Status of Development**

The District was created to provide existing District residents with public water and wastewater services. As of January 1, 2017, there were approximately 2,125 homes in the District. As of February 20, 2020, the District contained a total of 1,010 residential connections receiving water service from the District, 396 residential connections receiving water and sewer service from the District, 88 residential connections receiving water service from the District and sewer service from the City of Arcola, 73 vacant residential connections, 16 commercial water connections and 36 miscellaneous water connections. Homesteads that are not connected to the District's public water and wastewater system are generally provided water through private water wells and waste water service is provided by individual septic systems. There is currently no active development in the District.

## **Commercial Development**

Commercial development within the District consists of various business and industrial properties. There is no significant ongoing commercial development in the District. See "SELECTED FINANCIAL INFORMATION – Principal Taxpayers."

## **Future Development**

The District can make no representation that any future development will occur within the District. In the event that future development does occur in the District, it is anticipated that infrastructure development costs could be financed through the sale of future bond issues, although there are currently no plans to do so, and no additional development is currently planned.

## **THE SYSTEM**

### **Regulation**

According to the Engineer, the water distribution and wastewater collection lines constructed by the District (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the TWDB, the City of Houston, Texas, the City of Pearland, Texas, and Fort Bend County, Texas. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies and inspected by the TCEQ or TWDB, as applicable.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the EPA and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

### **Water Supply**

The District's water supply facilities include one water plant. The plant includes a 1,500 gallon-per-minute ("gpm") well, two 360,000 gallon ground storage tanks, 30,000 gallons of hydropneumatic tank capacity, firm booster pump capacity (assuming largest booster pump out of service) totaling 4,500 gpm, auxiliary power supply and various other appurtenances. According to the Engineer, the plant is sufficient to serve approximately 2,250 single family equivalent connections, based upon current regulatory criteria. In addition, the District has an emergency interconnect agreement with Fort Bend County Municipal Utility District No. 23, Fort Bend County Municipal Utility District No. 141, and Charleston Municipal Utility District. According to the Engineer, the District's water quality complies with environmental requirements at the federal, state and local levels.

### **Wastewater Treatment**

Wastewater treatment capacity for the District is provided by a wastewater treatment plant operated by the City of Arcola (the "WWTP"). The WWTP contains 675,000 gallon-per-day ("gpd") capacity. Pursuant to an agreement between the District and the City of Arcola, the District owns 250,000 gpd of the capacity in the WWTP, which will serve up to 793 connections. This capacity will serve a portion of the District. As additional capacity is needed, future expansions of WWTP will be constructed. This may require the issuance of additional bonds, and perhaps an election for the issuance of additional bonds.

### **100-Year Flood Plain**

According to the Engineer, and based upon the Flood Insurance Rate Map of Fort Bend County, Texas, 657 acres of the District facilities (water plant and lift stations) are within the 100-year flood plain.

### **North Fort Bend Regional Water Authority**

The District has entered into a Groundwater Reduction Plan Participation Agreement with the North Fort Bend Water Authority (the "Authority"). The Authority's purposes include the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The District has agreed to pay the Authority a water well pumpage fee, based on the amount of water pumped from all well(s) owned and operated by the District. This fee will enable the Authority to fulfill its purpose and regulatory functions. Effective January 1, 2020, the fee charged is \$3.95 per 1,000 gallons of water pumped from each well. The term of this agreement is for 40 years from the effective date of the agreement.



## General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX B." The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. This table is provided for informational purposes only.

	<u>UNAUDITED</u>	<u>DRAFT</u>	<u>Fiscal Year Ended</u>			
	<u>03/19/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
REVENUES						
Property taxes	\$ 1,525,767	\$ 1,716,514	\$ 1,596,026	\$ 1,376,887	\$ 1,379,822	\$ 1,343,540
Water Revenues	500,000	520,736	517,697	341,731	196,237	193,101
Wastewater Revenues	153,000	163,918	141,496	65,543	-	-
Regional Water Authority Fees	340,000	366,021	310,134	197,590	104,762	91,068
Shared Facilities Revenues	150,000	190,657	189,522	174,221	154,536	98,120
Tap Connection and Inspection Fees	62,000	216,935	193,297	156,164	24,410	34,047
Penalty and Interest	61,000	122,920	112,900	89,390	100,646	74,823
Capital Contributions	60,000	169,963	120,496	-	-	-
Miscellaneous Revenues	<u>89,250</u>	<u>181,317</u>	<u>69,074</u>	<u>60,739</u>	<u>24,264</u>	<u>11,875</u>
TOTAL REVENUES	\$ 2,941,017	\$ 3,648,981	\$ 3,250,642	\$ 2,462,265	\$ 1,984,677	\$ 1,846,574
EXPENDITURES						
Professional fees	\$ 545,000	\$ 508,934	\$ 471,834	\$ 651,876	\$ 461,297	\$ 378,042
Contracted services	164,000	156,506	150,199	82,486	65,680	54,583
Purchased Sewer	115,000	114,597	99,362	49,421	53,000	44,047
Utilities	51,800	44,010	49,519	38,794	33,389	31,570
Repairs and maintenance	250,000	184,115	222,356	154,017	72,563	73,348
Regional Water Authority Assessment	425,000	522,428	435,101	312,695	215,325	144,690
Other operating expenditures	432,550	260,203	295,062	263,419	58,412	60,350
Capital Outlay	<u>250,000</u>	<u>528,207</u>	<u>224,278</u>	<u>419,098</u>	<u>629,163</u>	<u>-</u>
TOTAL EXPENDITURES	\$ 2,233,350	\$ 2,319,000	\$ 1,947,711	\$ 1,971,806	\$ 1,588,829	\$ 786,630
Excess Revenues (Expenditures)	\$ 707,667	\$ 1,329,981	\$ 1,302,931	\$ 490,459	\$ 395,848	\$ 1,059,944
Other Sources (Uses)	\$ -	\$ 50,680	\$ (68,870)	\$ (1,161,427)	\$ 13,918	\$ -
Balance, Beg of Year	<u>\$ 6,748,653</u>	<u>\$ 5,367,992</u>	<u>\$ 4,133,931</u>	<u>\$ 4,804,899</u>	<u>\$ 4,395,133</u>	<u>\$ 3,335,189</u>
Balance, End of Year	<u>\$ 7,456,320</u>	<u>\$ 6,748,653</u>	<u>\$ 5,367,992</u>	<u>\$ 4,133,931</u>	<u>\$ 4,804,899</u>	<u>\$ 4,395,133</u>

## DISTRICT BONDS AUTHORIZED BUT UNISSUED

<u>Date of Issued Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
November 2, 2004	Water and Sanitary Sewer	\$ 39,310,000	\$ 36,100,000	\$ 3,210,000
May 6, 2017	Water and Sanitary Sewer	<u>79,000,000</u>	<u>-</u>	<u>79,000,000</u>
		\$ 118,310,000	\$ 36,100,000	\$ 82,210,000
November 2, 2004	Refunding	\$ 58,965,000	\$ 655,000 (a)*	\$ 58,310,000 *
May 6, 2017	Refunding	<u>115,000,000</u>	<u>-</u>	<u>115,000,000</u>
		\$ 173,965,000	\$ 655,000 (a)*	\$ 173,310,000 *

(a) Includes the Bonds.

\* Preliminary, subject to change.

**SELECTED FINANCIAL INFORMATION**  
**(Unaudited)**

2019 Certified Assessed Valuation.....	\$362,070,928 (a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt	
Remaining Outstanding Bonds.....	\$ 22,965,000 (b)*
The Bonds.....	<u>4,725,000 *</u>
Total.....	\$ 27,960,000 *
Estimated Overlapping Debt.....	<u>\$ 12,059,712 (c)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 39,749,712 *</u>
Direct Debt Ratios:	
As a percentage of the 2019 Certified Assessed Valuation.....	7.65 %*

- (a) As of January 1, 2019. As certified by the Appraisal District. This value includes \$3,282,338 of uncertified taxable assessed valuation, which represents 80% of the total uncertified taxable assessed valuation as provided by the Appraisal District. This is the estimated minimum amount of uncertified taxable assessed valuation that will ultimately be certified by the Appraisal District. See "TAXING PROCEDURES."
- (b) As of April 1, 2020. Includes the Refunded Bonds.
- (c) See "SELECTED FINANCIAL INFORMATION - Estimated Direct and Overlapping Debt Statement."

**Total Outstanding Bonds**

<u>Date of Issue</u>	<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding as of Delivery of the Bonds</u>
08/01/2006	2006A	\$ 6,935,000	\$ 3,195,000
08/01/2008	2008	8,500,000	450,000*
03/01/2010	2010	5,285,000	435,000*
04/01/2010	2010A	600,000	330,000
10/10/2015	2015	8,000,000	7,290,000
03/01/2016	2016 (a)	4,430,000	4,035,000
09/01/2017	2017 (a)	5,365,000	5,325,000
10/01/2019	2019	1,745,000	1,745,000
05/01/2020	2020 (a)(b)	<u>4,725,000 (a)(b)*</u>	<u>4,725,000*</u>
		<u>\$ 45,585,000*</u>	<u>\$ 27,530,000*</u>

- (a) Refunding Bonds.
- (b) The Bonds.

**Cash and Investment Balances**

General Fund	Cash and Temporary Investments	\$7,075,642
Debt Service Fund (a)	Cash and Temporary Investments	3,226,416
Capital Projects Fund	Cash and Temporary Investments	2,207,147

- (a) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund. At the time of closing, accrued interest from May 1, 2020, to the date of delivery will be deposited to this fund.

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\* Preliminary, subject to change.

## Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. 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. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt as of March 31, 2020	Estimated Overlapping	
		Percent	Amount
Fort Bend County	\$ 559,527,527	0.51%	\$ 2,842,524
Fort Bend Independent School District	1,079,958,767	0.85%	<u>9,217,189</u>
Total Estimated Overlapping Debt			\$ 12,059,712
The District		100.00%	<u>27,960,000 (a)*</u>
Total Direct & Estimated Overlapping Debt			<u>\$ 39,749,712 (a)*</u>

Ratio of Estimated Direct and Overlapping Debt to 2019 Certified Assessed Valuation

10.98% \*

(a) Includes the Bonds, and the Refunded Bonds.

## Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "SELECTED FINANCIAL INFORMATION - 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.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2019 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdiction	2019 Tax Rate
The District	\$ 1.00000
Fort Bend County	0.46000 (a)
Fort Bend ISD	<u>1.27000</u>
Total Tax Rate	<u>\$ 2.81400</u>

(a) Includes \$0.0153 for Fort Bend County Drainage District.

\* Preliminary, subject to change.

### Assessed Valuation Summary

The following represents the type of property comprising the 2015-2019 tax rolls:

Type of Property	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation	2015 Assessed Valuation
Land	\$ 139,846,897	\$ 142,489,897	\$ 116,733,723	\$ 74,335,055	\$ 74,074,075
Improvements	182,665,314	164,151,466	135,542,500	133,484,296	130,094,037
Personal Property	97,279,611	80,113,190	80,639,480	80,787,370	87,057,813
Exemptions	<u>(61,003,232)</u>	<u>(36,929,304)</u>	<u>(10,430,490)</u>	<u>(10,254,348)</u>	<u>(11,255,799)</u>
Total	<u>\$ 362,070,928</u>	<u>\$ 349,825,249</u>	<u>\$ 322,485,213</u>	<u>\$ 278,352,373</u>	<u>\$ 279,970,126</u>

### Historical Tax Collections

The following table illustrates the collection history of the District from the 2015–2019 tax years:

Tax Year	Assessed Valuation	Tax Rate/ \$100 (a)	Adjusted Levy	% of Current Year Collections	% of Total Year Collections	Fiscal Year Ending 12/31
2015	\$ 279,970,126	\$ 1.00	\$ 2,799,701	98.00%	100.00%	2016
2016	278,352,373	1.00	2,783,524	95.96%	100.00%	2017
2017	322,485,213	1.00	3,224,852	18.22%	100.00%	2018
2018	349,825,249	1.00	3,498,252	93.19% (b)	93.19%	2019
2019	362,070,928	1.00	3,620,709	(c)	(c)	2020

(a) See "Tax Rate Distribution."

(b) Collections as of March 31, 2020.

(c) In process of collections.

### Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	\$ 0.570	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500
Maintenance	<u>0.430</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>
	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000

### Tax Rate Limitation

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

Maintenance: \$0.50 per \$100 Assessed Valuation.

### Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. An election was held within the District on November 4, 2014, which authorized the levy of a maintenance tax not to exceed \$0.50/\$100 assessed valuation. The District levied a maintenance tax of \$0.43 per \$100 of assessed valuation for tax year 2019.

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## Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2019 tax year.

Taxpayer	Type of Property	Assessed Valuation 2019 Tax Roll
Champion Technologies Inc	Land, Improvements & Personal Property	\$41,897,470
Nalco Company	Personal Property	17,866,610
Cajun Self Storage LLC	Land, Improvements & Personal Property	3,659,820
Blue Ridge Landfill TX LP	Land	2,976,858
Fairmount Minerals Inc.	Personal Property	2,586,100
Lemark Investments LLC	Land & Improvements	2,259,510
Technisand Inc.	Land & Improvements	2,082,210
Fresno Structural Steel	Land, Improvements & Personal Property	1,813,760
Zyfire USA Corporation	Land & Improvements	1,780,680
Centerpoint Energy Electric	Personal Property	<u>1,724,120</u>
Total		<u>\$78,647,138</u>
% of Respective Tax Roll		21.72%

As shown in the table above, the top ten taxpayers in the District currently account for approximately 21.72% of the District's tax base. In addition, approximately \_\_\_\_% of the tax base is comprised of personal property. Adverse developments in economic conditions could adversely impact these businesses in the District and the tax values in the District, resulting in less local tax revenue. In addition, there is no certainty that personal property, which is portable, will remain in the District. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process. If personal property were removed from the District, ad valorem taxes could not be levied on such personal property, which could result in less local tax revenue. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies," "– Dependence on Personal Property Taxes; Personal Property Tax Collections," "THE BONDS – Registered Owners' Remedies and Bankruptcy" and "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies" herein.

## Additional Penalties

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

## Tax Adequacy for Debt Service

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 Requirement on the Remaining Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2019 Certified Assessed Valuation (\$362,070,928). The calculations assume collection of 95% of taxes levied and exclude any debt service funds.

Estimated Average Annual Debt Service Requirement (2020-2049) .....	\$ 1,298,033*
Tax Rate of \$0.38* on the 2019 Certified Assessed Valuation produces .....	\$ 1,307,076*
Estimated Maximum Annual Debt Service Requirement (2023) .....	\$ 2,130,548*
Tax Rate of \$0.62* on the 2019 Certified Assessed Valuation produces .....	\$ 2,132,598*

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\* Preliminary, subject to change.

### DEBT SERVICE SCHEDULE

The following schedule sets forth the current total debt service requirements of the District, less the Refunded Bonds, plus the estimated principal and estimated interest requirements on the Bonds, assuming market interest rates.

Year	Current Debt Service Requirements (a)	Less: The Refunded Bonds*	Plus: The Bonds*		Total Debt Service Requirements*
			Principal*	Interest	
2020	\$ 1,655,467	\$ 101,081	-	\$ 34,463	\$ 1,591,929
2021	2,154,829	202,161	\$ 45,000	119,294	2,123,121
2022	2,156,577	442,161	285,000	117,944	2,123,520
2023	2,166,331	606,337	295,000	109,394	2,130,548
2024	2,156,679	603,549	470,000	100,544	2,123,673
2025	2,155,079	324,815	205,000	86,444	2,121,708
2026	2,158,339	328,015	215,000	80,294	2,125,617
2027	2,164,136	325,725	215,000	75,994	2,129,404
2028	1,712,308	328,048	220,000	71,694	1,675,954
2029	1,710,734	324,760	225,000	67,294	1,678,268
2030	1,707,264	326,160	230,000	62,794	1,673,897
2031	1,686,900	327,025	235,000	57,906	1,652,781
2032	1,683,895	327,345	240,000	52,619	1,649,169
2033	1,674,085	327,225	245,000	47,219	1,639,078
2034	1,682,524	326,545	250,000	41,400	1,647,379
2035	1,677,892	325,420	255,000	35,150	1,642,622
2036	1,675,941	323,590	260,000	28,775	1,641,126
2037	1,676,649	326,170	270,000	22,275	1,642,754
2038	1,379,888	328,060	280,000	15,188	1,347,015
2039	881,022	324,260	285,000	7,838	849,599
2040	554,935	-	-	-	554,935
2041	557,341	-	-	-	557,341
2042	553,699	-	-	-	553,699
2043	554,344	-	-	-	554,344
2044	559,099	-	-	-	559,099
2045	552,705	-	-	-	552,705
2046	100,624	-	-	-	100,624
2047	101,935	-	-	-	101,935
2048	98,029	-	-	-	98,029
2049	99,123	-	-	-	99,123
Total	<u>\$ 39,648,369</u>	<u>\$ 6,848,451</u>	<u>\$ 4,725,000</u>	<u>\$ 1,234,519</u>	<u>\$ 38,940,996</u>

(a) Outstanding debt as of April 1, 2020

Estimated Average Annual Requirement - (2020-2049) .....	\$1,298,033*
Estimated Maximum Annual Requirement - (2023) .....	\$2,130,548*

*[Remainder of Page Intentionally Left Blank]*

\* Preliminary, subject to change.

## TAXING 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 sufficient amount to pay the principal of and interest on the Remaining Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully 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 "SELECTED FINANCIAL INFORMATION - Maintenance Tax."

### 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 herein.

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 Appraisal District has the responsibility of appraising property for all taxing units within Fort Bend County, Texas, 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"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

### Property Subject to Taxation by the District

**General:** Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. Property owned by a disabled veteran or a veteran who died while on active duty has been granted an exemption up to \$3,000 of assessed value. Partially exempt to between \$5,000 and \$12,000 of assessed value, depending upon the disability rating of the veteran, is property owned by a disabled veteran or spouse or certain children. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Also exempt, if approved by the Board or through a process of petition and referendum by the District's voters, are residential homesteads of person sixty-five (65) years or older and of certain disabled persons to the extent of \$3,000 of appraised value or more. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

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 at some or no cost to the veteran. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000, if any exemption is granted, 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 District has never adopted a general homestead exemption. In addition, the

District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board.

**Freeport Goods and Goods-in-Transit 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 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, Texas (the “County”) may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County 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 terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, no portion of the land within the District has been designated as a reinvestment zone.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and formally 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 upon one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

From time to time the District may be subject to a natural disaster such as a hurricane, tornado, tropical storm or other adverse weather event severely impacting the entire region and resulting in a disaster declaration by the Governor of the State of Texas. See “INVESTMENT CONSIDERATIONS – Potential Impact of Natural Disasters.” Subject to certain conditions, owners of qualified property in a Governor-declared disaster area are entitled to a temporary property tax exemption, if such qualified property is at least 15 percent damaged, and the owner of such property applies for the exemption within a specified time frame. See “INVESTMENT CONSIDERATIONS – Tax Exemption for Property Damaged by Disaster.”

### **District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined



by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

### **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Supervisors 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. 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. 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. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead if the person (1) has been granted an exemption under Section 11.13, Property Tax Code, (2) requests an installment agreement and (3) has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months.

### **Rollback of Operation and Maintenance Tax Rate**

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

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

#### *Special Taxing Units*

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

#### *Developed Districts*

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject

to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

#### *Developing Districts*

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

#### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, 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 election calculation.

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

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and 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 "SELECTED FINANCIAL INFORMATION – 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 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 or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations."

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## **LEGAL MATTERS**

### **Legal Opinions**

The District will furnish the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving 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 legally binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with all general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. Such opinions will express no opinions with respect to the sufficiency and security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as general counsel to the District on matters other than the issuance of bonds.

The legal fees to be paid to Bond Counsel and Underwriter's Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

### **Legal Review**

Bond Counsel has reviewed the information appearing in this Official Statement under the captioned sections: "THE BONDS" (except for the subsections "-Book-Entry Only System" and "Registered Owners' Remedies and Bankruptcy"), "TAXING PROCEDURES," "LEGAL MATTERS-Legal Opinions (insofar as said section relates to the opinion of Bond Counsel)," "LEGAL MATTERS-Legal Review," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "Compliance With Prior Undertakings"), solely to determine whether such information fairly summarizes matters of law with respect to the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein, other than the matters discussed immediately above.

### **No-Litigation Certificate**

The District will furnish the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

### **No Material Adverse Change**

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

## **TAX MATTERS**

### **Tax Exemption**

Delivery of the Bonds is subject to an opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid

periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Order that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report of Robert Thomas, CPA, LLC, Verification Agent, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Bond Order or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

### **Proposed Tax Legislation**

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

The Tax Cuts and Jobs Act, which became law on December 22, 2017, repealed the provisions allowing for tax-exempt advance refundings, prohibiting any tax-exempt advance refunding bonds from being issued after December 31, 2017.

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

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated: (a) the difference between: (i) the stated amount payable at the maturity of each Original Issue Discount Bond; and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial

public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

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

The foregoing is based on the assumptions that: (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes; (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.

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

Some of the Bonds may be offered at an initial offering price which exceeds the stated redemption price payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, broker, and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the "Premium Bond") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering price for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

### **Qualified Tax-Exempt Obligations For Financial Institutions**

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is

provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000 for tax-exempt obligations.

The District will designate the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the Issuer and entities aggregated with the Issuer under the Code during calendar year 2020 is not expected to exceed \$10,000,000 and that the Issuer and entities aggregated with the Issuer under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

#### **VERIFICATION OF MATHEMATICAL CALCULATIONS**

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the District relating to (a) computation of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities to pay, when due, the principal or redemption price of and interest on the Refunded Bonds and (b) the computation of the yields on the Bonds. The computations were independently verified by Robert Thomas CPA, LLC, based upon certain assumptions and information supplied by the Financial Advisor on behalf of the District, and the District. Robert Thomas CPA, LLC has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Order, the District has 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 certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

##### **Annual Reports**

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "SELECTED FINANCIAL INFORMATION" and "APPENDIX B" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when and if the audit report becomes available.

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

##### **Material Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

#### **Availability of Information from EMMA**

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

#### **Limitations and Amendments**

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

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

### **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, except as described below. 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.

## **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 section entitled "THE DISTRICT – Description" has been provided by Jacobs Engineering Group Inc. and that engineering information included in the section entitled "THE SYSTEM," has been provided by Jacobs Engineering Group Inc. 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 "SELECTED FINANCIAL INFORMATION" was provided by the Appraisal District. Such information has been included herein in reliance upon the Appraisal District's authority as an expert in the field of tax assessing.

## **Certification as to Official Statement**

The District, acting by and through its Board of Supervisors 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.

## **Updating of Official Statement**

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

## **Official Statement "Deemed Final"**

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, 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 that has been "deemed final" by the District as the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the preceding 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 Rule 15c2-12.

*[Remainder of Page Intentionally Left Blank]*



### CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Supervisors of Fort Bend County Fresh Water Supply District No. 1 as of the date shown on the first page hereof.

/s/ \_\_\_\_\_  
Paul Hamilton  
President, Board of Supervisors  
Fort Bend County Fresh Water Supply District No. 1

ATTEST:

/s/ \_\_\_\_\_  
Calvin Casher  
Secretary, Board of Supervisors  
Fort Bend County Fresh Water Supply District No. 1

**APPENDIX A**  
**AERIAL PHOTOGRAPH OF THE DISTRICT**

**APPENDIX B**  
**FINANCIAL STATEMENTS OF THE DISTRICT**



MUNICIPAL ACCOUNTS  
& CONSULTING, L.P.

## **Fort Bend County Fresh Water Supply District No. 1**

### **Bookkeeper's Report**

April 16, 2020

## Cash Flow Report - Checking Account

As of April 16, 2020

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 03/20/2020</b>				<b>\$4,802.05</b>
<b>Receipts</b>				
	Wire Transfer from Money Market		520,000.00	
	Interest Earned on Checking		24.77	
	Wire Transfer from Lockbox		110,551.77	
	Unclaimed Property		943.37	
	Void Stale Dated Check - NFBWA #5239		11,771.22	
	Void Stale Dated Check - Fresno VFD #5071		1,021.71	
	Tax Transfer		50,819.84	
<b>Total Receipts</b>				<b>695,132.68</b>
<b>Disbursements</b>				
5412	City of Arcola	WWTP Expenses	(20,608.66)	
5416	Calvin Cashier	Fees of Office - 3/26/2020	(162.10)	
5417	Gregory Fleck	Fees of Office - 3/26/2020	(138.53)	
5418	Paul Hamilton	Fees of Office - 3/26/2020	(162.10)	
5419	Rosa Linda Medina	Fees of Office - 3/26/2020	(137.10)	
5435	Hudson Energy Services, LLC	Utility Expense	(3,198.72)	
5437	North Fort Bend Water Authority	Reissue Check #5239 - 10/18 Pumpage Fees	(11,771.22)	
5438	Fresno VFD	Reissue Check #5071 - 11/18 VFD Collections	(1,021.71)	
5439	Calvin Cashier	Fees of Office - 4/16/2020	(138.53)	
5440	Gregory Fleck	Fees of Office - 4/16/2020	(138.52)	
5441	Paul Hamilton	Fees of Office - 4/16/2020	(138.53)	
5442	Rosa Linda Medina	Fees of Office - 4/16/2020	(113.53)	
5443	Paul Hamilton	Fees of Office - City of Arcola March & April Meet	(277.05)	
5444	Lilly M. Rodriguez	Deposit Refund	(116.72)	
5445	Maria Vargas	Deposit Refund	(14.62)	
5446	Rigoberto Lopez	Deposit Refund	(123.81)	
5447	Victoria Maria Aguilera	Deposit Refund	(73.81)	
5448	CDC Unlimited, LLC	Mowing Expense	(75.00)	
5449	City of Arcola	Sewer Collections	(5,500.31)	
5450	DonDulin.com, LP	Exchange Email Expense	(252.00)	
5451	DSHS Central Lab MC2004	Lab Fees	(717.24)	
5452	DXI Industries, Inc.	Chemical Expense	(138.96)	
5453	Envirodyne Laboratories, Inc	Laboratory Fees	(80.00)	
5454	Environmental Development Partners	Maintenace & Operations	(39,381.33)	
5455	Fresno VFD	Voluntary Fire Department Collections	(1,116.90)	
5456	Geotest Engineering, Inc.	Fresno Gardens Wastewater Collection System	(9,810.05)	
5457	Jacobs Engineering Group, Inc.	Engineering Fees	(24,716.68)	
5458	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(4,132.38)	
5459	R Construction Company	PE #5 - Fresno Gardens North WWCS	(329,100.07)	
5460	Sales Revenue, Inc.	Sales Tax Tracking	(1,500.00)	
5461	Sanford Kuhl Hagan Kugle Parker Kahn LLP	Legal Fees	(10,390.53)	
5462	Hudson Energy Services, LLC	Utility Expense	0.00	
5463	City of Arcola	WWTP Expenses	0.00	
5464	North Fort Bend Water Authority	Pumpage Fees	0.00	
5465	United States Treasury	1st Quarter Payroll Taxes	(373.38)	
5466	Attorney General	Bond Issuance Expense - Series 2020R	0.00	
ACH	Frontier Communications	Telephone Expense	(68.84)	
ACH	Frontier Communications	Telephone Expense	(69.91)	

**Cash Flow Report - Checking Account**

As of April 16, 2020

Num	Name	Memo	Amount	Balance
<b>Disbursements</b>				
Fee	Compass Bank	Bank Service Charge	(18.00)	
<b>Total Disbursements</b>				(465,776.84)
<b>BALANCE AS OF 04/16/2020</b>				<b>\$234,157.89</b>

**Cash Flow Report - Compass Lockbox Account**

As of April 16, 2020

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 03/20/2020</b>				<b>\$1,365.30</b>
<b>Receipts</b>				
	Interest Earned on Checking		1.08	
	Accounts Receivable		92,382.01	
	Accounts Receivable		25,936.41	
<b>Total Receipts</b>				118,319.50
<b>Disbursements</b>				
Wire	Fort Bend County FWSD No 1	Wire Transfer to Checking	(110,551.77)	
Wire	Fort Bend County FWSD No 1	Returned Check (4)	(770.50)	
<b>Total Disbursements</b>				(111,322.27)
<b>BALANCE AS OF 04/16/2020</b>				<b>\$8,362.53</b>

**Cash Flow Report - Checking Account**

As of April 16, 2020

Num	Name	Memo	Amount	Balance
BALANCE AS OF 03/20/2020				\$124,253.07
<b>Receipts</b>				
	Interest Earned on Checking		42.46	
<b>Total Receipts</b>				42.46
<b>Disbursements</b>				
Svc Chg	Compass Bank	Bank Service Charge	(18.00)	
<b>Total Disbursements</b>				(18.00)
BALANCE AS OF 04/16/2020				\$124,277.53



## Account Balances

As of April 16, 2020

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Operating</b>					
<b>Certificates of Deposit</b>					
INDEPENDENT BANK (XXXX6741)	04/30/2019	04/29/2020	2.70 %	240,000.00	
PIONEER BANK (XXXX2548)	05/28/2019	05/28/2020	2.65 %	240,000.00	
THIRD COAST BANK, SSB (XXXX6605)	05/31/2019	05/30/2020	2.60 %	240,000.00	
BBVA USA-PREMIER (XXXX1963)	07/02/2019	06/30/2020	2.50 %	240,000.00	
CADENCE BANK (XXXX8177)	07/31/2019	07/31/2020	2.45 %	240,000.00	
PLAINS STATE BANK (XXXX0811)	09/02/2019	09/02/2020	2.00 %	240,000.00	
SPIRIT OF TEXAS BANK (XXXX6670)	09/30/2019	09/29/2020	2.45 %	240,000.00	
BANCORPSOUTH (XXXX3088)	10/31/2019	10/30/2020	2.25 %	240,000.00	
VERITEX COMMUNITY BANK (XXXX0266)	11/26/2019	11/25/2020	1.80 %	240,000.00	
COMMUNITY BANK OF TX (XXXX1033)	01/02/2020	12/29/2020	2.00 %	240,000.00	
FRONTIER BANK (XXXX2246)	01/24/2020	01/23/2021	1.90 %	240,000.00	
LONE STAR BANK (XXXX2413)	02/25/2020	02/24/2021	1.98 %	240,000.00	
<b>Money Market Funds</b>					
TEXPOOL (XXXX0001)	12/31/2017		0.51 %	3,673,814.95	
<b>Checking Account(s)</b>					
BBVA USA-CHECKING (XXXX3071)			0.15 %	8,362.53	Compass Lockbox
BBVA USA-CHECKING (XXXX0647)			0.15 %	234,157.89	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$6,796,335.37</b>	
<b>Fund: Capital Projects</b>					
<b>Money Market Funds</b>					
BOK Financial (XXXX01-1)	12/31/2017		0.88 %	2,084,619.97	SR 2015 - DFund
<b>Checking Account(s)</b>					
BBVA USA-CHECKING (XXXX4829)			0.15 %	124,277.53	Checking Account
<b>Totals for Capital Projects Fund:</b>				<b>\$2,208,897.50</b>	
<b>Fund: Debt Service</b>					
<b>Certificates of Deposit</b>					
SPIRIT OF TX BANK - DEBT (XXXX0152)	08/06/2019	08/02/2020	2.45 %	240,000.00	
FRONTIER BANK - DEBT (XXXX2126)	08/05/2019	08/04/2020	2.58 %	240,000.00	
BANCORPSOUTH - DEBT (XXXX4984)	08/06/2019	08/05/2020	2.75 %	240,000.00	
TEXAS CAPITAL BANK-DEBT (XXXX0319)	08/06/2019	08/05/2020	2.60 %	240,000.00	
PLAINS STATE BANK - DEBT (XXXX0760)	08/06/2019	08/06/2020	2.35 %	240,000.00	
THIRD COAST BANK-DEBT (XXXX6589)	01/23/2020	01/22/2021	1.80 %	240,000.00	
COMMUNITY BANK OF TX-DEBT (XXXX3362)	02/27/2020	02/26/2021	1.75 %	240,000.00	
INDEPENDENT BANK-DEBT (XXXX0365)	02/27/2020	02/26/2021	1.65 %	240,000.00	
SOUTH STAR BANK-DEBT (XXXX0134)	02/27/2020	02/27/2021	1.75 %	240,000.00	
CENTRAL BANK (XXXX1000)	02/28/2020	02/27/2021	1.60 %	240,000.00	
<b>Money Market Funds</b>					
BBVA USA-DEBT (XXXX5145)	12/31/2017		0.25 %	760,689.81	Tax

**Account Balances**

As of April 16, 2020

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Debt Service</b>					
<b>Money Market Funds</b>					
TEXPOOL (XXXX0002)	12/31/2017		0.51 %	132,187.48	
<b>Totals for Debt Service Fund:</b>				<b>\$3,292,877.29</b>	
<b>Grand total for Fort Bend County Fresh Water Supply District No. 1:</b>				<b>\$12,298,110.16</b>	

# Fort Bend Fresh Water Supply District No 1

## Capital Projects Fund Breakdown

4/16/2020

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### Net Proceeds for All Bond Issues

#### Receipts

Series 2015 - Dfund	\$2,495,655.26
Series 2015 - Interest Earnings	50,051.46
Series 2019 - Bond Proceeds	1,745,000.00
Series 2019 - Interest Earnings	-

#### Disbursements

Series 2015 DFund Disbursements (Attached)	(336,809.22)
Series 2019 - Disbursements (Attached)	(74,121.39)

<b>Total Cash Balance</b>	<b>\$3,879,776.11</b>
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### Balances by Account

Checking - Compass (Series 2015)	\$124,277.53
Series 2015 - Dfund - BOK	2,084,619.97
Series 2019 - Held by Escrow Agent	1,670,878.61

<b>Total Cash Balance</b>	<b>\$3,879,776.11</b>
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### Balances by Bond Series

Series 2015 - Dfund	\$2,208,897.50
Series 2019 - Bond Proceeds - Held by Escrow Agent	1,670,878.61

<b>Total Cash Balance</b>	<b>\$3,879,776.11</b>
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### Remaining Costs Bond Series

Series 2015 - Dfund	\$2,158,203.27
Series 2019 - Remaining Costs - Held by Escrow Agent	1,670,878.61

<b>Total Amount in Remaining Costs</b>	<b>\$3,829,081.88</b>
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Series 2015 - Dfund	\$50,694.23
Series 2019 - Surplus & Interest	-

<b>Total Surplus &amp; Interest Balance</b>	<b>\$50,694.23</b>
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<b>Total Remaining Costs/Surplus</b>	<b>\$3,879,776.11</b>
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**Fort Bend Fresh Water Supply No. 1**  
**SERIES 2015 Dfund**  
**COST COMPARISON**

<u>CONSTRUCTION COSTS</u>	<u>USE OF PROCEEDS</u>	<u>ACTUAL COSTS</u>	<u>REMAINING COSTS</u>	<u>VARIANCE (OVER)/UNDER</u>
A. Construction Items				
1 Total Balance as of 09/30/2018		-	-	-
2 Water Plant No 2	\$1,979,022.01	-	\$1,979,022.01	-
3 Design Phase Engineering	271,500.00	245,518.74	25,981.26	-
4 Const Phase Engineering	48,000.00	-	48,000.00	-
5 Environmental Assessment	36,000.00	35,357.23	-	642.77
6 Construction Observation	81,500.00	-	81,500.00	-
7 Subsurface Utility Investigation	5,573.50	5,573.50	-	-
8 Surveying	32,060.00	23,360.00	8,700.00	-
9 Material Testing	15,000.00	-	15,000.00	-
10 Geotechnical Investigation	10,500.00	10,500.00	-	-
11 Well Sitting Study	8,999.75	8,999.75	-	-
12 Potential Pollution Hazard Study	7,500.00	7,500.00	-	-
<b>TOTAL CONSTRUCTION COSTS</b>	<u>\$2,495,655.26</u>	<u>\$336,809.22</u>	<u>\$2,158,203.27</u>	<u>\$642.77</u>
<b>TOTAL</b>	<u><u>\$2,495,655.26</u></u>	<u><u>\$336,809.22</u></u>	<u><u>\$2,158,203.27</u></u>	<u><u>\$642.77</u></u>
			Interest Earned	\$50,051.46
			Total Remaining Costs & Interest	\$2,208,254.73
			Total Surplus & Interest	\$50,694.23
			Total Remaining Costs, Surplus, & Interest	\$2,208,897.50

**Fort Bend Fresh Water Supply No. 1  
SERIES 2019  
COST COMPARISON**

<u>CONSTRUCTION COSTS</u>	<u>USE OF PROCEEDS</u>	<u>ACTUAL COSTS</u>	<u>REMAINING COSTS</u>	<u>VARIANCE (OVER)/UNDER</u>
B. District Items				
1 TWDB Issue	\$1,670,878.61	-	\$1,670,878.61	-
Subtotal District Items	\$1,670,878.61	-	\$1,670,878.61	-
 TOTAL CONSTRUCTION COSTS	 \$1,670,878.61	 -	 \$1,670,878.61	 -
 <u>NON-CONSTRUCTION COSTS</u>				
A Legal Fees	\$36,591.00	\$36,591.00	-	-
B Fiscal Agent Fees	35,035.39	35,035.39	-	-
F Bond Issuance Expenses	750.00	750.00	-	-
G Attorney General Fee	1,745.00	1,745.00	-	-
TOTAL NON-CONSTRUCTION COSTS	\$74,121.39	\$74,121.39	-	-
 TOTAL BOND ISSUE REQUIREMENT	 \$1,745,000.00	 \$74,121.39	 \$1,670,878.61	 -
			Interest Earned	\$0.00
			Total Remaining Costs & Interest	\$1,670,878.61
			Total Surplus & Interest	\$0.00

**Fort Bend County FWSD No. 1 - GOF**  
**Actual vs. Budget Comparison**

**February 2020**

		February 2020			January 2020 - February 2020			Annual
		Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
<b>Revenues</b>								
14110	Water - Customer Service Revenue	42,312	41,000	1,312	81,490	81,000	490	500,000
14112	Regional Water Authority Fees	27,266	25,000	2,266	57,214	50,000	7,214	340,000
14140	Connection Fees	914	625	289	2,114	1,250	864	7,500
14150	Tap Connections	5,300	4,167	1,133	14,700	8,333	6,367	50,000
14160	Service Application Fees	0	250	(250)	500	500	0	3,000
14210	Sewer - Customer Service Fee	14,055	12,500	1,555	27,215	25,000	2,215	150,000
14220	Inspection Fees	500	1,000	(500)	1,225	2,000	(775)	12,000
14310	Penalties & Interest	2,611	2,167	445	5,657	4,333	1,324	26,000
14330	Miscellaneous Income	2,685	83	2,602	5,055	167	4,888	1,000
14340	Delinquent Tax Attorney Fees	4,882	1,667	3,215	8,528	3,333	5,195	20,000
14350	Maintenance Tax Collections	218,589	219,000	(411)	1,068,144	1,069,000	(856)	1,525,767
14351	Penalty & Interest on Tax	11,902	2,917	8,985	14,676	5,833	8,843	35,000
14365	Interest Earned on Checking	32	63	(31)	57	125	(68)	750
14370	Interest Earned on Temp. Invest	5,009	5,000	9	20,882	10,000	10,882	60,000
14410	Water Plant Operations COA	7,797	12,500	(4,703)	25,084	25,000	84	150,000
14420	Arcola Capital Recovery	5,000	5,000	0	10,000	10,000	0	60,000
<b>Total Revenues</b>		348,854	332,938	15,916	1,342,541	1,295,875	46,666	2,941,017
<b>Expenditures</b>								
16105	Operator Expense	7,193	8,333	(1,141)	14,636	16,667	(2,031)	100,000
16110	Tap Connection Expense	3,086	3,333	(247)	9,361	6,667	2,694	40,000
16130	Maintenance & Repairs	12,160	20,833	(8,674)	41,875	41,667	208	250,000
16140	Chemicals	139	500	(361)	278	1,000	(722)	6,000
16150	Laboratory Expense	797	750	47	877	1,500	(623)	9,000
16160	Utilities	3,170	4,167	(996)	6,757	8,333	(1,577)	50,000
16210	Inspection Expense	194	1,667	(1,473)	1,000	3,333	(2,333)	20,000
16234	Water Authority Pumpage-COA	8,520	9,583	(1,063)	17,705	19,167	(1,462)	115,000
16235	Water Authority Pumpage Fees	30,553	35,417	(4,863)	63,255	70,833	(7,579)	425,000
16236	Arcola WWTP Expenses	7,779	20,833	(13,055)	10,809	41,667	(30,858)	250,000
16320	Tax Assessor/Collector Fees	0	2,000	(2,000)	0	4,000	(4,000)	24,000
16330	Legal Fees	11,613	16,667	(5,054)	27,058	33,333	(6,275)	200,000
16340	Auditing Fees	14,000	14,000	0	14,000	14,000	0	25,000
16350	Engineering Fees	22,772	25,000	(2,228)	42,938	50,000	(7,062)	300,000
16360	Delinquent Tax Attorney Expense	4,882	1,667	3,215	8,528	3,333	5,195	20,000
16370	Election Expense	6,085	0	6,085	6,715	0	6,715	0
16380	Permit Expense	0	0	0	0	0	0	6,000
16390	Telephone Expense	139	150	(11)	275	300	(25)	1,800
16410	Sales Tax Tracking	0	1,500	(1,500)	0	3,000	(3,000)	18,000
16430	Bookkeeping Fees	4,166	3,333	833	7,416	6,667	749	40,000
16455	SB 622 Publications	0	167	(167)	0	333	(333)	2,000
16460	Printing & Office Supplies	2,082	2,083	(1)	4,706	4,167	539	25,000
16480	Delivery Expense	148	125	23	229	250	(21)	1,500
16490	Website Services	0	167	(167)	0	333	(333)	2,000
16495	Dues & Subscriptions	0	58	(58)	0	117	(117)	700
16520	Postage	662	667	(4)	1,348	1,333	14	8,000
16530	Insurance & Surety Bond	0	1,000	(1,000)	0	2,000	(2,000)	12,000
16540	Travel Expense	0	417	(417)	57	833	(777)	5,000
16560	Miscellaneous Expense	78	542	(464)	139	1,083	(944)	6,500
16580	Bank Service Charge	58	200	(142)	116	400	(284)	2,400
16590	Seminar Expense	1,036	292	744	1,036	583	453	3,500
16600	Payroll Expenses	450	1,142	(692)	1,200	2,283	(1,083)	13,700

**Actual vs. Budget Comparison**

February 2020

			February 2020			January 2020 - February 2020			Annual
			Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
<b>Expenditures</b>									
16620	Payroll Tax Expense		34	104	(70)	92	208	(117)	1,250
<b>Total Expenditures</b>			141,796	176,696	(34,900)	282,403	339,392	(56,988)	1,983,350
<b>Other Expenditures</b>									
16630	Transfer to CPF		250,640	0	250,640	250,640	0	250,640	0
16750	Capital Outlay		0	0	0	20,383	21,000	(617)	250,000
16751	Cap Outlay - Fresno Garden WWCS		504,002	0	504,002	512,906	0	512,906	0
16752	Cap Out - Fresno Ranchos Proj		8,173	0	8,173	10,461	0	10,461	0
<b>Total Other Expenditures</b>			762,815	0	762,815	794,390	21,000	773,390	250,000
<b>Excess Revenues (Expenditures)</b>			<u>(\$555,757)</u>	<u>\$156,242</u>	<u>(\$711,998)</u>	<u>\$265,748</u>	<u>\$935,483</u>	<u>(\$669,735)</u>	<u>\$707,667</u>

**Balance Sheet**

As of March 31, 2020

	Mar 31, 20
<hr/>	
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
11100 · Cash in Bank	610,815
11110 · Compass Lockbox	8,363
Total Checking/Savings	<hr/> 619,177
Other Current Assets	
11300 · Time Deposits	6,733,485
11500 · Accounts Receivable	136,943
11510 · A/R - Arcola Water	30,886
11515 · A/R Arcola - Capital Recovery	10,000
11520 · Maintenance Tax Receivable	417,353
11580 · Accrued Interest	36,738
11730 · Due From DSF	(128,851)
Total Other Current Assets	<hr/> 7,236,554
Total Current Assets	<hr/> 7,855,732
<b>TOTAL ASSETS</b>	<hr/> <hr/> 7,855,732
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
12000 · Accounts Payable	425,411
Total Accounts Payable	<hr/> 425,411
Other Current Liabilities	
12100 · Payroll Liabilities	373
12350 · Due To Volunteer Fire Dept	1,537
12610 · Customer Meter Deposits	95,556
12730 · Due To COA-Sewer Collections	6,368
12780 · Deferred Inflows Property Taxes	722,481
Total Other Current Liabilities	<hr/> 826,315
Total Current Liabilities	<hr/> 1,251,727
Total Liabilities	<hr/> 1,251,727
Equity	
13010 · Unassigned Fund Balance	6,749,780
Net Income	(145,775)
Total Equity	<hr/> 6,604,005
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<hr/> <hr/> 7,855,732



**District Debt Service Payments**

03/01/2020 - 03/31/2021

<b>Paying Agent</b>	<b>Series</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Due</b>
<b>Debt Service Payment Due 08/15/2020</b>						
Wells Fargo Bank, NA	2006A	08/15/2020		365,000.00	43,417.50	408,417.50
Wells Fargo Bank, NA	2008	08/15/2020		220,000.00	27,426.75	247,426.75
Wells Fargo Bank, NA	2010	08/15/2020		140,000.00	91,620.00	231,620.00
Wells Fargo Bank, NA	2010A	08/15/2020		30,000.00	0.00	30,000.00
Amegy Bank of Texas	2015	08/15/2020		190,000.00	133,441.00	323,441.00
Amegy Bank of Texas	2016R	08/15/2020		175,000.00	61,900.00	236,900.00
Amegy Bank of Texas	2017R	08/15/2020		10,000.00	106,200.00	116,200.00
Bank of New York	2019	08/15/2020		30,000.00	31,462.00	61,462.00
<b>Total Due 08/15/2020</b>				<b>1,160,000.00</b>	<b>495,467.25</b>	<b>1,655,467.25</b>
<b>Debt Service Payment Due 02/15/2021</b>						
Wells Fargo Bank, NA	2006A	02/15/2021		0.00	38,672.50	38,672.50
Wells Fargo Bank, NA	2008	02/15/2021		0.00	22,520.75	22,520.75
Wells Fargo Bank, NA	2010	02/15/2021		0.00	89,205.00	89,205.00
Amegy Bank of Texas	2015	02/15/2021		0.00	132,063.50	132,063.50
Amegy Bank of Texas	2016R	02/15/2021		0.00	60,150.00	60,150.00
Amegy Bank of Texas	2017R	02/15/2021		0.00	106,100.00	106,100.00
Bank of New York	2019	02/15/2021		0.00	31,202.50	31,202.50
<b>Total Due 02/15/2021</b>				<b>0.00</b>	<b>479,914.25</b>	<b>479,914.25</b>
<b>District Total</b>				<b>\$1,160,000.00</b>	<b>\$975,381.50</b>	<b>\$2,135,381.50</b>

**Fort Bend County Fresh Water Supply District No 1**  
**Cash Flow Forecast**

	<u>Dec-20</u>	<u>Dec-21</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Dec-24</u>
Assessed Value	\$362,070,928	\$362,070,928	\$362,070,928	\$362,070,928	\$362,070,928
Maintenance Tax Rate	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43
Maintenance Tax	\$1,525,767	\$1,525,767	\$1,525,767	\$1,525,767	\$1,525,767
% Change in Water Rate	3.00%	3.00%	3.00%	3.00%	3.00%
% Change in Sewer Rate	3.00%	3.00%	3.00%	3.00%	3.00%
% Change in NFBWA	10.00%	10.00%	10.00%	10.00%	10.00%
% Change in Expenses	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Beginning Cash Balance</b>	\$6,691,323	\$5,178,990	\$5,615,252	\$3,981,149	\$4,772,411
<b><u>Revenues</u></b>					
Maintenance Tax	\$1,525,767	\$1,525,767	\$1,525,767	\$1,525,767	\$1,525,767
Water Revenue	500,000	515,000	530,450	546,364	562,754
Sewer Revenue	150,000	154,500	159,135	163,909	168,826
NFBWA Revenue	340,000	374,000	411,400	452,540	497,794
Additional Revenue	425,250	446,513	468,838	492,280	516,894
	<u>\$2,941,017</u>	<u>\$3,015,780</u>	<u>\$3,095,590</u>	<u>\$3,180,860</u>	<u>\$3,272,036</u>
<b><u>Expenses</u></b>					
NFBWA Expense	\$540,000	\$594,000	\$653,400	\$718,740	\$790,614
Other Expenses	1,443,350	1,515,518	1,591,293	1,670,858	1,754,401
	<u>\$1,983,350</u>	<u>\$2,109,518</u>	<u>\$2,244,693</u>	<u>\$2,389,598</u>	<u>\$2,545,015</u>
<b>Net Surplus</b>	\$957,667	\$906,262	\$850,897	\$791,262	\$727,021
<b><u>Other Revenues/Expenses</u></b>					
Capital Outlay	\$250,000	\$0	\$0	\$0	\$0
Fresno Gardens WW Collection System	1,800,000	0	0	0	0
Fresno Gardens N. Sub WW Plumbing	400,000	0	0	0	0
Gateway Acres Sub. WW Collection System	0	230,000	0	0	0
Gateway Acres Sub. WW Plumbing	0	0	1,000,000	0	0
Fresno Ranchos Sub WW LS & FM	0	200,000	0	0	0
FN 521 WL Adjustment	0	0	800,000	0	0
Payment to COA for 500 ESFC in FW WP #1	0	0	635,000	0	0
WP #1 Rehab Work	20,000	20,000	0	0	0
Addtn of 3rd LP @ Tellevue Terrace LS	0	20,000	0	0	0
Emergency Interconnect w/ BC MUD 21	0	0	50,000	0	0
	<u>\$2,470,000</u>	<u>\$470,000</u>	<u>\$2,485,000</u>	<u>\$0</u>	<u>\$0</u>
<b>Ending Cash Balance</b>	<u>\$5,178,990</u>	<u>\$5,615,252</u>	<u>\$3,981,149</u>	<u>\$4,772,411</u>	<u>\$5,499,431</u>
Operating Reserve % of Exp (Ideal is at least 100%)	261.12%	266.19%	177.36%	199.72%	216.09%

**FORT BEND FRESH WATER SUPPLY DISTRICT NO 1**  
**TAX ANALYSIS FISCAL YEAR END 12/31/2020**

	TAX YEARS			TAX YEARS			GRAND DSF	TOTAL MAINT	TOTAL
	2019			2018					
	DSF 0.5700	M&O 0.4300	TOTAL 2019	DSF 0.5000	M&O 0.5000	TOTAL 2018			
PERCENTAGE									
PRIOR YEAR	1,659,523.62	1,251,921.33	2,911,444.95			189,109.14			307,693.16
TAX LEVY 2019						0			0.00
COLLECTIONS:									
JAN 2020									
TAXES	1,113,546.20	840,043.63	1,953,589.83	6,733.87	6,733.86	13,467.73	1,123,086.03	849,555.47	1,972,641.50
PENALTY	0.00	0.00	0.00	1,604.68	1,604.68	3,209.36	2,799.30	2,774.29	5,573.59
							1,125,885.33	852,329.76	1,978,215.09
FEB 2020									
TAXES	171,078.47	129,059.19	300,137.66	8,761.52	8,761.51	17,523.03	242,258.52	172,588.75	414,851.95
PENALTY	5,398.66	4,072.68	9,471.34	996.79	996.79	1,993.58	10,493.97	7,081.69	17,570.98
							252,752.49	179,670.44	432,422.93
MARCH 2020									
TAXES	53,318.92	40,223.05	93,541.97	3,991.01	3,991.00	7,982.01	59,098.13	45,999.99	105,098.12
PENALTY	4,124.00	3,111.09	7,235.09	969.00	969.00	1,938.00	5,836.30	4,819.85	10,656.15
							64,934.43	50,819.84	115,754.27
APRIL 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
MAY 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
JUNE 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
JULY 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
AUG 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
SEPT 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
OCT 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
NOV 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
DEC 2020									
TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00	0.00	0.00
TOTALS	1,347,466.25	1,016,509.64	2,363,975.89	23,056.87	23,056.84	46,113.71	1,443,572.25	1,082,820.04	2,526,392.29
TAXES	1,337,943.59	1,009,325.87	2,347,269.46	19,486.40	19,486.37	38,972.77	1,424,442.68	1,068,144.21	2,492,586.89
PENALTY	9,522.66	7,183.77	16,706.43	3,570.47	3,570.47	7,140.94	19,129.57	14,675.83	33,805.40
TOTALS	1,347,466.25	1,016,509.64	2,363,975.89	23,056.87	23,056.84	46,113.71	1,443,572.25	1,082,820.04	2,526,392.29
ADJUSTMENTS			(2,296.52)			8,507.40			46,547.72
TAX									
DUE @			80.69%			0.00%			TOTAL TAX DUE
1/31/2020	320,271.01	241,607.96	561,878.97	79,321.89	79,321.88	158,643.77	542,558.67	417,352.89	959,911.56
TAX RATES	0.5700	0.4300	1.0000	0.5000	0.5000	1.0000			

Deferral Operating 2019	305,127.79
Deferral Debt 2019	404,472.61
Debt Collections CFY (Defer)	0.00
Operating Collections CFY (Defer)	0.00
Total DSF Collections	1,828,915.29
Total Op Collections	1,373,272.00
Total DSF Deferral	542,558.65
Total Op Deferral	417,352.89

# Fort Bend County Fresh Water Supply District No. 1

## 2020 AWBD Annual Conference Thursday, June 11 - Sunday, June 14, 2020 Gaylord Hotel, Grapevine, TX

DIRECTOR		CONFERENCE REGISTRATION		ADVANCE	PRIOR CONFERENCE EXPENSES
Name	Attending	Online	Paid	Paid	Paid
Calvin Casher					N/A
Gregory Fleck					N/A
Paul Hamilton	Yes	Yes			N/A
Rosa Linda Medina	Yes	Yes	Yes		N/A
Rodrigo Carreon					N/A

Note: Register on-line [www.awbd-tx.org](http://www.awbd-tx.org) (For log in assistance, contact Taylor Cavnar: [tcavnar@awbd-tx.org](mailto:tcavnar@awbd-tx.org))

This page only confirms registration for the conference, not hotel registrations.

All hotel reservations are the sole responsibility of each attendee.

Your conference registration confirmation will contain a housing reservation request web link.

The link will require the registration number from your conference registration before you can reserve a room.

All requests for an advance of funds must be sent via email to the bookkeeper within 30 days of conference.

### REGISTRATION DATES:

Early Registration:	Begins	02/05/20	\$375
Regular Registration:	Begins	03/19/20	\$425
Late Registration:	Begins	04/30/20	\$525

### CANCELLATION POLICY:

All cancellations must be made in writing.

A \$50.00 administrative fee is assessed for each conference registration cancelled on or before 04/29/2020.

There will be no refunds after 04/29/2020.

### HOUSING INFORMATION:

Hotel reservations are only available to attendees who are registered with AWBD-TX for the Conference.

If you have any questions, please contact Taylor Cavnar at (281) 350-7090.



Invoice Date	4/3/2020
Invoice Sequence #	23
Invoice #	WHXH7518-032720

Fort Bend County Freshwater Supply District No. 1  
Attn: Cindy Grimes  
Municipal Accounts & Consulting, LP  
1281 Brittmoore Road  
Houston, TX 77043

**TERMS: 45 DAYS**

Email invoice to: [fbfwsd1@municipalaccounts.com](mailto:fbfwsd1@municipalaccounts.com)

**INVOICE**

**REFERENCE:** Fresno Gardens North Subdivision Wastewater System

**Jacobs Engineering Group Inc. Project Number:**

**WHXH7518**

**For Professional Services Rendered Through:**

**3/27/2020**

Task #	Description	Fee	% Complete	Invoiced to Date	Previously Invoiced	Invoice Amount
WHXH7518-07	Design Phase Engineering Services (LS)	\$127,000.00	100.00%	\$127,000.00	\$127,000.00	\$0.00
WHXH7518-08	Construction Phase Administration Services (LS)	\$22,500.00	53.00%	\$11,925.00	\$10,125.00	\$1,800.00
WHXH7518-10	Construction Phase Observation Services (T&M)	\$45,000.00		\$21,165.78	\$11,452.75	\$9,713.03
WHXH7518-11	Reimbursable Expenses (Direct Non-Labor)	\$16,500.00		\$15,224.04	\$15,020.50	\$203.54
Total		\$211,000.00		\$175,314.82	\$163,598.25	\$11,716.57

<b>Invoice Amount</b>	<b>\$11,716.57</b>
-----------------------	--------------------

Please note invoice # with all payments  
Remit to: Jacobs Engineering Group c/o Bank of America, 800 Market St., Lockbox 18713F, St. Louis, MO 63150  
Wire Transfer: Bank of America, ABA #111 000 012, Credit: Jacobs Engineering Group, Account #3750916030



Invoice Date	4/3/2020
Invoice Sequence #	17
Invoice #	WHXH7524-032720

Fort Bend County Freshwater Supply District No. 1  
Attn: Cindy Grimes  
Municipal Accounts & Consulting, LP  
1281 Brittmoore Road  
Houston, TX 77043

**TERMS: 30 DAYS**

Email invoice to: [fbfwsd1@municipalaccounts.com](mailto:fbfwsd1@municipalaccounts.com)

<b>INVOICE</b>
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**REFERENCE:** Water Plant #2

**Jacobs Engineering Group Inc. Project Number:**

**WHXH7524**

**For Professional Services Rendered Through:**

**3/27/2020**

Task #	Description	Fee	% Complete	Invoiced to Date	Previously Invoiced	Invoice Amount
WHXH7524-A.P4.CI.DP	Design Phase Engineering Services (LS)	\$270,000.00	91.00%	\$245,700.00	\$240,300.00	\$5,400.00
WHXH7524-B.P4.GEN.EXP	Reimbursable Expenses (Design Phase)	\$1,500.00		\$1,432.19	\$1,197.34	\$234.85
WHXH7524-A.P5.CI.CA	Construction Phase Administration Services (LS)	\$48,000.00	0.00%	\$0.00	\$0.00	\$0.00
WHXH7524-A.P5.CI.CO	Construction Phase Observation Services (LS)	\$74,000.00	0.00%	\$0.00	\$0.00	\$0.00
WHXH7524-B.P5.GEN.EXPC	Reimbursable Expenses (Construction Phase)	\$7,500.00		\$0.00	\$0.00	\$0.00
Total		\$401,000.00		\$247,132.19	\$241,497.34	\$5,634.85

<b>Invoice Amount</b>	<b>\$5,634.85</b>
-----------------------	-------------------

JACOBS ENGINEERING GROUP INC.  
David Dybala, Jr., P.E.  
Project Manager

Please note invoice # with all payments  
Remit to: Jacobs Engineering Group c/o Bank of America, 800 Market St., Lockbox 18713F, St. Louis, MO 63150  
Wire Transfer: Bank of America, ABA #111 000 012, Credit: Jacobs Engineering Group, Account #3750916030



April 15, 2020

Board of Directors  
Fort Bend County Freshwater Supply District #1  
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP  
1980 Post Oak Boulevard, Suite 1380  
Houston, TX 77056

Re: Fort Bend County Freshwater Supply District #1 – April 2020 Board of Directors Meeting

Dear Board Members:

Following is the status report on Fort Bend County FWSD#1 No. 1 projects:

Agenda Item No. 6 – Engineer's Report:

**(a) Report on status of projects:**

i) Fresno Gardens North Subdivision Wastewater Collection System

- Project is currently under construction:
  - o Contractor is currently in process of installing the sanitary sewer under the UPRR and TxDOT ROWs. Afterwards, they will complete the installation of the sanitary sewer from the UPRR ROW to Kansas St. Once the remaining section of the sanitary sewer is installed along Pecan St, final testing of the entire sanitary sewer system will need to be completed and final surface work performed (i.e. culvert placement, ditch regrading, culvert desilting, etc..)
  - o Discussion regarding work in front of Quality Paint and Body Shop
- Request Board's approval of PE#5 from R Construction for \$329,100.07 and Invoice #3 from Geotest for \$9,810.05
- Anticipate completion of project in June/July of this year

ii) Fresno Gardens North Subdivision Wastewater Plumbing Contract

- Last townhall meeting occurred on November 21st...District secured 70 applications through this process...prior to including any properties within contract, coordination will be made with EDP to verify that these properties do not have any issues with the District
- Tentative Schedule (subject to change based on completion of public sewer project):
  - o Anticipate at May Board meeting requesting Board's approval to advertise project
  - o Completion of Contract/Bid Documents – May 2020
  - o Advertisement and Award of Project – June 2020
  - o Contract Execution and NTP Issued – July 2020
  - o Construction – July/August 2020 through December 2020
- Discussion with Board of impacts of COVID 19 on tentative schedule

iii) Gateway Acres Subdivision Wastewater Collection System

- Request Board's approval of proposal from Landtech, Inc. for providing professional surveying services consisting of performing a detailed topographic survey along Trammel Fresno Road, within its full ROW width, and in some locations beyond the ROW, from roughly Jan St to Kansas St (approximately 1.25 miles in length). Afterwards, an AutoCAD drawing file will be provided to Jacobs for completion of the construction plans for the Gateway Acres Subdivision Wastewater Collection System project and the Fresno Ranchos Subdivision Wastewater Lift Station and Force Main project. This proposal is also attached to this report for your review. The price for this work is \$59,700.00 and will be paid for with the District's General Fund and could possibly be reimbursed with the new loan that the District is working toward securing.
- The new District wastewater loan will need to be secured prior to starting construction of this project

- iv) Fresno Ranchos Subdivision Wastewater Lift Station and Force Main
  - Reference Gateway Acres Subdivision Wastewater Collection System status
- v) Gateway Acres Subdivision Wastewater Plumbing Contract
  - townhall meetings will be conducted once the public wastewater lines for this area are under construction
- vi) Water Plant #2
  - Construction drawings have been completed and are at agencies for final signatures/approvals needed to advertise project for bids...received signature/approval from Frontier and FBC Drainage...still needing signature/approval from Centerpoint, City of Pearland, FBC Engineering, and the TCEQ...once all approvals are secured, construction documents will be provided to the TWDB for their approval to advertise the project...considering all remaining efforts, it is anticipated that the District will be able to advertise the project in 3<sup>rd</sup>Q 2020
  - District Est. Water Conn. Timeline (FBCFWSD#1 WP#1 Conn. Capacity = 1,750)
    - End of 2020 = 1,675
    - End of 2021 = 1,750
    - Anticipate completing District's WP#2 by end of 2021 or early 2022
  - Status of installation of no trespassing signs along water plant property

**(b) Authorize Engineer to Prepare Plans and Specifications for Water/Wastewater Projects**

- no action items

**(c) Report on status of project funding and take necessary action related thereto.**

- Project One-Year Warranty Expiration Dates
  - FM521 WW Extension...08/15/2020
- 2015 TWDB DFUND Loan...remaining funds will be used for the Water Plant No. 2 project
- 4<sup>th</sup> TWDB DFUND Loan (\$1.745M)...funds will be used to complete the Water Plant No. 2 project
- New TCEQ Loan for Funding District Wastewater Projects:
  - Discuss attached spreadsheet which shows significant district projects for 2020 thru 2023
  - Discuss proposed TCEQ loan, which is anticipated to be for \$10.45M and would secure funds for a) Gateway Acres Sub WW Collection System project b) Fresno Ranchos Sub LS and FM project, and c) CoA WWTP Expansion project. The remaining District projects would be covered by the District's General Fund and the TWDB DFUND Loan.
  - FA/DA to discuss impacts to District's General Fund (years of reserve) and future loan capacity if the proposed TCEQ loan is secured.
- FBC CDBG Funds...will apply once Gateway Acres Subdivision WW Plumbing project is underway

**(d) Projections for District Water and Wastewater Projects**

- request Board approval to update information every January and July

**(e) Discuss Emergency Preparedness Plan and take any necessary action related thereto**

- review EPP in April each year to determine if any updates are required...EDP to prepare and submit updates as necessary



(f) **Status of Non-Residential Applications for Water Service –**

<b>Currently 42 Non-Residential Connections:</b>	
<b>4320 Doreen Avenue (Multi-Family Dwelling)</b>	<b>La Fresno Food Mart</b>
<b>293 Teakwood Avenue (Multi-Family Dwelling)</b>	<b>Lou's Back Porch</b>
<b>297 Teakwood Avenue (Multi-Family Dwelling)</b>	<b>LT No Limits</b>
<b>Church of God of Prophecy</b>	<b>Mustang Community Center</b>
<b>Crossroad Market</b>	<b>MVP Auto Parts (Domestic &amp; FW)</b>
<b>Dollar General</b>	<b>New Quality Life Ministries (Church)</b>
<b>FBC Water Connection at Water Plant</b>	<b>New Quality Life Ministries (Restaurant)</b>
<b>First Baptist Church of Fresno (Domestic &amp; FW)</b>	<b>Papa Nick's BBQ Kitchen – Mobile Food Truck</b>
<b>Fresno Market – FM521 (Domestic &amp; Irrigation)</b>	<b>PMC International Tire Shop</b>
<b>Fresno Motor</b>	<b>Richard Martini-Rental Livestock Pasture</b>
<b>Fresno Mount Corinth Baptist Church</b>	<b>Robbins Nest for Children (Domestic &amp; FW)</b>
<b>Fresno Volunteer Fire Department</b>	<b>St. James Knanaya Church – Fire Tap</b>
<b>F&amp;R Tax</b>	<b>Swingby#3 Gas Station (Domestic &amp; Irrigation)</b>
<b>Gulf Coast LP Gas Company</b>	<b>Teleview Terrace Subdivision Lift Station</b>
<b>HEFCO Enterprises</b>	<b>Tiny Toes Academy</b>
<b>Iglesia Bautista Del Calvario Church</b>	<b>Tire Shop at 1739A Trammel Fresno</b>
<b>Iglesia Principe De Paz Church</b>	<b>Valero Gas Station</b>
<b>Interconnect with City of Arcola</b>	<b>Welcome Foods</b>
<b>Interconnect with FBCMUD23</b>	

<b>Connections Pending</b>	
<b>Enriquez Tire Shop (East Palm)</b>	
- EDP to provide update regarding connection	

<b>Processing Application</b>	
<b>Fresno Food Mart (1293 Trammel Fresno Road)</b>	
- received updated drawings from customer and provided additional comments for them to resolve on 09/12/19	
<b>Stop N' Grubb (Mobile Food Truck at 3502 Jan Street)</b>	
- waiting for customer to provide plumber's info	
<b>St. Peters &amp; St. Pauls Orthodox Church of Houston (3114 Illinois St)</b>	
- waiting for customer to provide plumber's info	
<b>St. James Knanaya Church (Ave C)</b>	
- waiting for customer to provide plumber's info	
<b>Quality Paint and Body (Pecan Street)</b>	
- waiting for customer to provide plumber's info	

## Status of Non-Residential Applications for Wastewater Service –

<b>Currently 9 Non-Residential Connections:</b>	
<b>4320 Doreen Avenue (Multi-Family Dwelling)</b>	<b>Fresno Volunteer Fire Department</b>
<b>293 Teakwood Avenue (Multi-Family Dwelling)</b>	<b>Mustang Comm Center (<i>minus field bathrooms</i>)</b>
<b>297 Teakwood Avenue (Multi-Family Dwelling)</b>	<b>New Quality Life Ministries (Church)</b>
<b>Church of God of Prophecy</b>	<b>New Quality Life Ministries (Restaurant)</b>
<b>First Baptist Church of Fresno</b>	

<b>Connections Pending</b>	

<b>Processing Application</b>	
<b>Quality Paint and Body (Pecan Street)</b>	
- waiting for customer to provide plumber's info	

### (g) Trammel Fresno Road Widening Project

- Request Board's approval for a field meeting to be conducted between Jacobs and EDP to determine all final adjustments that are needed to be made to District waterline within the limits of this project and to update the District's record drawings to reflect all changes that occurred during this project...EDP to present to Board all required, remaining adjustments to the District waterline and their associated costs for Board approval

### (h) Potential Emergency Water Interconnect with BCMUD21

- conducted phone conversation with LJA (Bill Ehler), engineer for BCMUD21, on December 2016 regarding potential emergency water interconnect between our districts
- possible location for interconnect would be at east end of Renfro Burford Road
- BCMUD21 would be interested in pursuing interconnect (50/50 cost split) once FBCFWSD#1 completes its 2<sup>nd</sup> Water Plant

### (i) Potential Emergency Water Interconnect with Charleston MUD – Pre-construction meeting was supposedly conducted on March 17th...once project has been constructed, record drawings will be provided to the District

### (j) Potential Water Service to NalcoChampion – informed customer that they can submit an application for District water service that can be used to assist them in filling their fire water tanks during a fire event...waiting for customer to submit application with fee

### (k) Status of New CoA WP – CoA anticipates water plant being completed by end of 2021

### (l) Status of CoA WWTP Expansion Project (increasing capacity from 0.675 MGD to 0.95 MGD) – DA responded back to CoA the District's interest in taking part in the next expansion project with a capacity of 100,000 gpd...waiting for CoA to notify District of next step in process

### (m) FM521 Roadway Widening Project – Provided record drawings to Michael Kaspar of Dannenbaum...supposedly a utility coordination meeting will be conducted in the next couple of months to discuss this project and its impact on our District facilities

(n) **WP#1 Inspection** – Received Preventive Services reports from EDP for HPT#1 and HPT#2. Based on reports, it appears that the interior of both tanks will need to have their internal surfaces recoated, as well as, some minor paint touch up at spots on the tanks exterior. An overall plan for addressing coating issues at the water plant will be presented to the Board once reports have been provided for both GSTs and the plant's site piping. It is anticipated that any repairs will be made next winter.

Please let me know if you have any questions or comments.

Sincerely,

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

District Engineer

713-855-1917

March 30, 2020

Fort Bend County Fresh Water Supply District No. 1  
c/o Mr. David C. Dybala, Jr., PE  
Jacobs  
5985 Rogerdale Road  
Houston, Texas 77072

RE: Trammel Fresno Road

Dear Mr. Dybala:

It is my pleasure to submit this proposal for providing professional surveying service for the above referenced project. The scope of work and associated fee are as follows:

1. Perform a detailed topographic survey, including 50' sections, along Trammel Fresno Road, starting at 150' west of Jan Street centerline to 500' east of Gettie Street centerline. The survey would be taken within the full right-of-way width of Trammel Fresno Road (160' ROW width), plus 20' north and south of the right-of-way lines. Extend survey 50' into each side street. Coordinates and elevation data to be surface coordinates (i.e. not grid coordinates).
2. Perform a detail topographic survey, including 50' sections, along Trammel Fresno Road, starting at 500' east of Gettie Street centerline to 100' east of Kansas Street centerline. The survey would be taken within the full right-of-way width of Trammel Fresno Road (160' ROW width). Extend survey 50' into each side street. Coordinates and elevation data to be surface coordinates (i.e. not grid coordinates).
3. Provide an AutoCAD drawing illustrating the survey points with elevation data and any existing features relevant to the site.
4. Provide a survey point file listing various survey points, their surface coordinates and their elevations.
5. Provide a description of the Benchmark(s) used in performing the topographic survey. The benchmark used in this survey should be the same benchmark used for the Fresno Ranchos Subdivision Lift Station and Forcemain project.
6. Provide a grid to surface scale factor.
7. As required by Chapter 2270, Government Code, Landtech hereby verifies that it does not boycott Israel and will not boycott through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include action made for ordinary business purposes.

The Lump Sum Fee of \$ 59,700.00

Thank you for the opportunity to submit this proposal.  
Sincerely,



Paul Kwan, RPLS, President

Accepted By

Sdrive/Users/receptionist/Fort Bend County Fresh Water Supply District No. 1

**Fort Bend County Fresh Water Supply District No. 1**  
**Significant District Projects - 2020 thru 2023**  
**Information Prepared 04/06/2020**

Project #	Project	Estimated Cost	Estimated Schedule		Funding Source	Notes
			Start	Completion		
1	Fresno Gardens N Sub WW Collection System	\$ 1,800,000	Ongoing	May-20	General Fund	Estimated cost represents approximate amount left to be paid for project
2	Fresno Gardens N Sub WW Plumbing	\$ 400,000	Jun-20	Sep-20	General Fund	Estimated 70 properties in plumbing contract
3	Gateway Acres Sub WW Collection System	\$ 6,300,000	Ongoing	Dec-21	TCEQ Loan	Once loan secured, General Fund will be reimbursed approx. \$ 230,000
4	Gateway Acres Sub WW Plumbing	\$ 1,000,000	Jan-22	Jun-22	General Fund	Estimated 180 properties in plumbing contract
5	Fresno Ranchos Sub WW LS & FM	\$ 2,500,000	Ongoing	Dec-21	TCEQ Loan	Once loan secured, General Fund will be reimbursed approx. \$ 200,000
6	CoA WWTP Expansion (0.675 MGD to 0.95 MGD)	\$ 1,250,000	Jul-20	Jun-22	TCEQ Loan	District Share of Capacity is 0.1 MGD...District would have to pay for a portion of previous expansion
7	FM521 WL Adjustment	\$ 800,000	Jan-22	Dec-22	General Fund	Due to road widening project
8	Payment to CoA for 500 ESFCs in FW WP#1	\$ 635,000	NA	Jan-22	General Fund	Due once CoA water plant complete...anticipate completion end of 2021
9	Water Plant #1 Rehab Work	\$ 40,000	Nov-20	Feb-21	General Fund	Anticipated work = recoating internal surfaces of HPTs and painting yard piping
10	Addition of 3rd Pump at Teleview Terrace LS	\$ 20,000	Oct-21	Dec-21	General Fund	Pump to be added prior to Gateway Acres Sub WW plumbing project
11	Emergency Water Interconnect with BCMUD21	\$ 50,000	Jan-22	Dec-22	General Fund	Project to be completed once WP#2 is in operation...overall costs shared between Districts
12	Water Plant #2	\$ 4,245,000	Ongoing	Dec-21	TWDB Loan	Funds are in place with District

**Total Estimated Costs Associated With General Fund = \$ 4,315,000** (includes reimbursement of funds from Project #'s 3 and 5)  
**Total Estimated Costs Associated With TCEQ Loan = \$ 10,050,000**  
**Total Estimated Costs Associated With TWDB Loan = \$ 4,245,000**

Proposed TCEQ Loan	
Project Estimated Costs	\$ 10,050,000
Financial Advisor Costs	\$ 200,000
Bond Counsel Costs	\$ 200,000
<b>Loan Total</b>	<b>\$ 10,450,000</b>

Board of Directors  
Fort Bend County F.W.S.D. No. 1

## **Operator's Report for the April 16, 2020 Board Meeting**

### **Substantial System Repairs and Maintenance**

Distribution System	Installed residential taps & meters: 4 locations 502 Redbud Ave 430 Walnut Ave 426 Walnut Ave 4503 Rose Ln	\$ 4,456.86
Water Plant	Interior inspections of HPT & GST	\$ 2,338.75
Lift Station #1	Shut down lift station due to force main leak	\$ 1,154.22
414 Trammel Fresno	Repaired fire hydrant hit by contractor	\$ 4,705.57

### **1. Coronavirus (COVID-19) Update**

EDP continues to provide full service to our clients and their customers, with some modifications to comply with recommendations and requirements from local, state and federal agencies. There will be no interruption of the critical services provided to our communities.

To ensure "Situation Awareness" EDP activated our Emergency Response Plan ("ERP") and assembled the COVID-19 Emergency Response Team. This team is meeting daily to discuss the most up to date information about this situation. The objective of these meetings is to ensure that EDP is actively responding to issues related to COVID-19 and how those issues are affecting our employees and customers. From these meetings we will issue guidance that adheres to best practices from the Center for Disease Control (CDC), World Health Organization (WHO), and local authorities.

### **2. Annual Report on Identity Theft Prevention Program "Red Flag Rule"**

Please see attached the annual report for the Identity Theft Prevention Program. EDP has not cited any instances of identity theft and is recommending that the District not make any changes to the program. See page 3

### **3. CCR Provider Certificate of Delivery Drinking Water Quality Data**

Please see attached the annually required COD related to the CCR rule sent to TCEQ. See page 4

### **4. Critical Load Facility List**

Please see attached a copy of the Critical Facility List. We will provide this information to the District's retail electric provider, the State of Texas (TDEM) and Fort Bend County. See page 5

### **5. Water Loss Audit Annual Report**

EDP has completed the Water Loss Audit Report on behalf of the district and submitted to the Texas Water Development Board. A copy of the report has been sent to your attorney.

**6. Fire Hydrant Flushing and Inspections – 516 hydrants**

I was authorized at the December meeting to install new reflective tap to the hydrants and waterblast and paint the hydrants. This is in process. The contractor is about 80% completed. We are expecting to be completed by end of the week.

**7. Delinquent Accounts and Service Terminations**

Please see attached the list of customers that received delinquent letter by mail and are subject to disconnection of service.

Board of Directors  
Fort Bend Freshwater Supply District No. 1  
**April 1, 2020**

### **Identity Theft Prevention Policy**

In accordance with the District's Identity Theft Prevention Policy, EDP, the Program Administrator, is providing this Annual Report.

#### 1. Compliance

The actions taken by EDP to protect the District's customers' identity conform to the District's policy.

#### 2. Training

Procedures followed by EDP's customer service representatives regarding the collection, handling, and verification of customer information are in accordance with the District's policy. Employees in the customer service department are trained and are familiar with the requirements of the District's policy.

#### 3. Effectiveness

The effectiveness of the Identity Theft Prevention Policy is evident in the fact that there have been no significant red flag events.

#### 4. Suggested Changes

There are no suggested changes.

#### 5. Red Flag Incidents

There have been no significant red flag incidents to be reported.



**Consumer Confidence Report  
Provider Certification of Delivery  
Texas Commission on Environmental Quality**

PWS ID Number: TX0790474 PWS Name: Fort Bend County FWSD 1

☒ I certify, that as a representative of the public water system named above, our water system has distributed the appropriate drinking water quality data to the community water system(s) (receiver) we provided water to in 2019 as described in 30 TAC §290.274(g) by April 1, 2020. This will ensure that they can create and deliver their annual Consumer Confidence Report to their customers.

Date of Delivery to receiver(s): 3/30/2020

☐ I certify, that as a representative of the public water system named above, that this system did not provide water to another system by any means in the previous calendar year.


**Please confirm list of systems your water system is interconnected to in Drinking Water Watch. If any updates are needed, please contact PWSINVEN@tceq.texas.gov**

**Certified By:**

Name (print): Mary Domask

Title: Senior Compliance Analyst, EDP - District Operator

Phone Number: 713-395-3100

Signature: 

Date: 3/31/2020

All systems are required to mail by May 1 the Certificate of Delivery to:

If submitting by certified mail:	If submitting by regular mail:
TCEQ DWSF Section - MC 155, Attn CCR 12100 Park 35 Circle Austin, Texas 78753	TCEQ DWSF Section - MC 155, Attn CCR PO BOX 13087 Austin, TX 78711-3087

TCEQ - Form 20653 (3/11/2020)

District Facilities  
Critical Load Spreadsheet

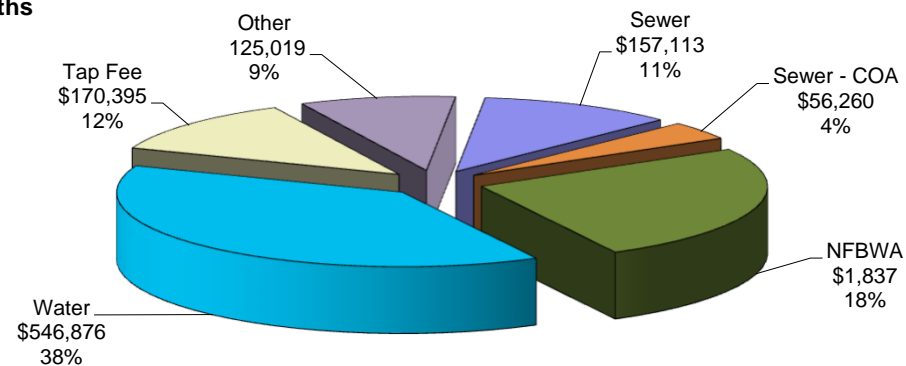
District Name:	Primary Contact:	Secondary Contact:	
Fort Bend Fresh Water Supply District No. 1	Name:	Name:	
	Environmental Development Partners Dubiel, Area Manager	Bruce	Environmental Development Partners Eric Thiry, Vice President of Operations
County:	Phone Number:	Phone Number:	
Fort Bend	832-427-9064	832-467-1599 (24hr)	
	Fax Number:	Fax Number:	
	832-467-1610	832-467-1610	
FACILITY	ADDRESS	ESI ID #	VOLUME
Lift Station 1	4521 1/2 FM 521	1008901023900975170115	
Water Plant	14415 1st Street	1008901001900176320108	
Transmission and Distribution Utility Company (TDU): CenterPoint			
Retail Electric Company: Hudson Energy			
***The mailing address for all District facilities is 17495 Village Green Dr. Houston, TX 77040, Attention: EDP			
			2020

CL-Critical Load Spreadsheet

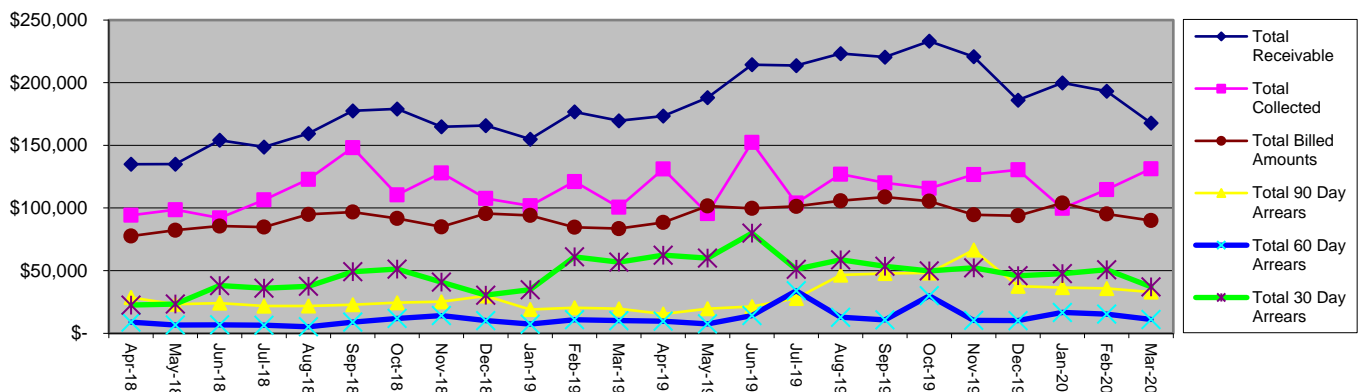
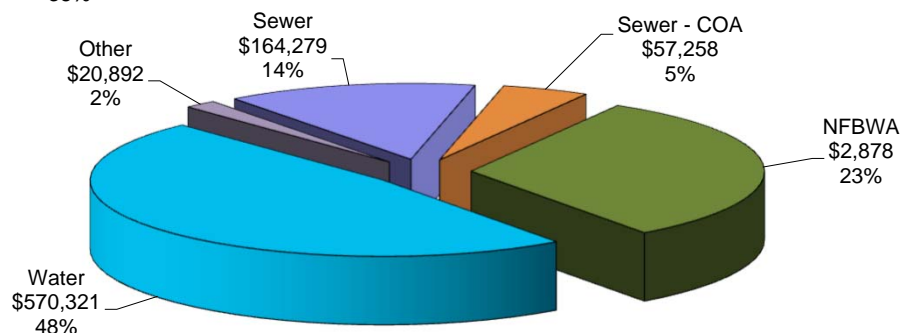
# Fort Bend FWSD No. 1 Utility Billing Summary

	March 13, 2020	February 13, 2020	12 Months
Total Collected	\$ (131,326.31)	\$ (114,710.04)	\$ (1,448,698.28)
Total Billed	\$ 89,974.25	\$ 95,256.65	\$ 1,188,771.70
Tap Fees Received	\$ (14,212.63)	\$ (6,082.16)	\$ (170,394.92)
Total Aged Receivable	\$ 77,782.30	\$ 97,921.39	
Total Receivable	\$ 162,879.22	\$ 190,017.26	
Security Deposit Balance	\$ 95,556.00	\$ 93,432.29	\$ 68,232.00
NFBWA Fee Billed	\$ 27,119.78	\$ 30,025.12	\$ 376,021.48
NFBWA Fee to pay billing cycle	\$ 37,390.70	\$ 40,839.05	\$ 522,954.20
Water Sold (gallons)	6,486,500	7,182,900	95,115,400
Water Produced (gallons)	9,466,000	10,339,000	140,662,000
Residential Connections	1,010	1,010	
Avg per Residential Connection	4,168	4,515	

**Collections, 12 Months**



**Billing, 12 Months**



# Fort Bend FWSD No. 1

## Utility Billing Detail Report

	March 13, 2020	February 13, 2020	March 13, 2019
Beginning Date	02/15/20	01/16/20	02/20/19
Closing Date	03/18/20	02/14/20	03/18/19
No. of Days	32	29	29

<b>Beginning Balance</b>	<b>\$ 190,017.26</b>	<b>\$ 196,533.07</b>	<b>\$ 172,466.28</b>
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<b>Adjustments</b>			
Back Charge	\$ -	\$ 6.00	\$ -
Collection Fee Write Off	\$ (18.53)	\$ (38.00)	\$ (15.11)
Collections	\$ 247.51	\$ (5,091.25)	\$ 6.14
Credit Refund	\$ -	\$ 1,475.77	\$ 1,053.15
Deposits	\$ 2,528.23	\$ 3,030.00	\$ 2,139.65
Disconnection	\$ 750.00	\$ 1,000.00	\$ 900.00
Inseptions	\$ 450.00	\$ 675.00	\$ 375.00
Letter Fee	\$ 1,740.00	\$ 1,490.00	\$ -
NFBWA	\$ 12.57	\$ -	\$ 61.92
NSF Fee	\$ 120.00	\$ -	\$ 30.00
Penalty	\$ 2,632.68	\$ 3,058.20	\$ 2,303.41
Return Check	\$ 652.99	\$ -	\$ 89.97
Sewer	\$ -	\$ -	\$ 11.61
Tap Fee	\$ 5,400.00	\$ 9,400.00	\$ 4,800.00
Transfer	\$ 250.00	\$ 200.00	\$ 250.00
Unapplied	\$ (45.90)	\$ (1,048.20)	\$ (710.64)
Voluntary Fire Dept	\$ (385.30)	\$ (474.94)	\$ (384.63)
Water	\$ 21.00	\$ -	\$ 122.00
Door Hanger Fee	\$ 740.00	\$ 660.00	\$ -
<b>Total Adjustments</b>	<b>\$ 15,095.25</b>	<b>\$ 14,342.58</b>	<b>\$ 11,032.47</b>

<b>Collected Amounts</b>			
Collections	\$ (78.98)	\$ (162.00)	\$ -
Deposits	\$ (2,929.94)	\$ (2,528.29)	\$ (1,839.65)
Disconnection	\$ (979.38)	\$ (675.38)	\$ (665.35)
Door Hanger Fee	\$ (854.94)	\$ (371.85)	\$ -
Grease Trap Inspection	\$ (33.34)	\$ (33.34)	\$ -
Inspections	\$ (500.00)	\$ (668.32)	\$ (472.05)
NFBWA	\$ (33,027.34)	\$ (32,627.70)	\$ (26,605.69)
NSF Fee	\$ -	\$ (30.00)	\$ (111.30)
Penalty	\$ (3,535.32)	\$ (2,873.62)	\$ (2,845.02)
Sewer	\$ (14,961.19)	\$ (13,332.93)	\$ (12,430.72)
Sewer - COA	\$ (5,500.31)	\$ (4,377.04)	\$ (5,148.22)
Tap Fee	\$ (14,212.63)	\$ (6,082.16)	\$ (5,726.39)
Transfer	\$ (295.00)	\$ (200.00)	\$ (250.00)
Voluntary Fire Dept	\$ (1,116.90)	\$ (1,019.06)	\$ (1,023.37)
Water	\$ (47,998.80)	\$ (46,473.36)	\$ (41,612.29)
Well Permit Fee	\$ -	\$ -	\$ (4.55)
Letter Fee	\$ (2,092.67)	\$ (1,365.59)	\$ -
Meter Rental	\$ (240.00)	\$ (240.00)	\$ -
<b>Total Collected</b>	<b>\$ (128,356.74)</b>	<b>\$ (113,060.64)</b>	<b>\$ (98,737.25)</b>
<b>Overpayments</b>	<b>\$ (2,969.57)</b>	<b>\$ (1,649.40)</b>	<b>\$ (1,875.29)</b>
<b>Total Collected</b>	<b>\$ (131,326.31)</b>	<b>\$ (114,710.04)</b>	<b>\$ (100,612.54)</b>

<b>Deposits Applied</b>	<b>\$ (881.23)</b>	<b>\$ (1,405.00)</b>	<b>\$ (743.65)</b>
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<b>Billed Amounts</b>			
Meter Rental	\$ 240.00	\$ 240.00	\$ -
NFBWA	\$ 27,119.78	\$ 30,025.12	\$ 24,473.88
Sewer	\$ 14,018.75	\$ 13,914.25	\$ 12,405.25
Sewer - COA	\$ 4,824.00	\$ 4,824.00	\$ 4,698.00
Voluntary Fire Dept	\$ 1,535.00	\$ 1,529.00	\$ 1,443.00
Water	\$ 42,186.71	\$ 44,674.27	\$ 40,544.73
Grease Trap Inspection	\$ 50.01	\$ 50.01	\$ 16.67
<b>Total Billed</b>	<b>\$ 89,974.25</b>	<b>\$ 95,256.65</b>	<b>\$ 83,581.53</b>

<b>Aged Receivable</b>			
Total 90 Day Arrears	\$ 32,925.22	\$ 35,807.28	\$ 19,569.14
Total 60 Day Arrears	\$ 11,039.70	\$ 15,324.78	\$ 10,100.31
Total 30 Day Arrears	\$ 37,077.05	\$ 50,709.00	\$ 56,820.20
Unapplied Credits	\$ (3,259.67)	\$ (3,919.67)	\$ (466.75)
Total Aged Receivable	\$ 77,782.30	\$ 97,921.39	\$ 86,022.90
Current Receivable	\$ 85,096.92	\$ 92,095.87	\$ 79,701.19
<b>Total Receivable</b>	<b>\$ 162,879.22</b>	<b>\$ 190,017.26</b>	<b>\$ 165,724.09</b>

### Electronic Payment Stats - Calendar Month

	Mar-20	Feb-20	Mar-19
Check Consolidation	0	44	123
Western Union	0	0	33
Credit Card	0	651	556
ACH	0	193	163
<b>Total</b>	<b>0</b>	<b>888</b>	<b>875</b>

# Fort Bend FWSD No. 1

## Connection/Active Accounts

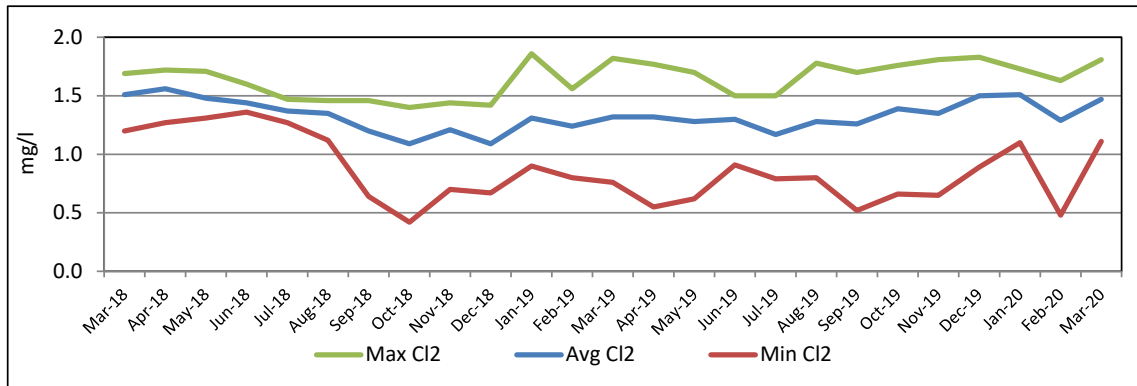
Connection Count	March 13, 2020	February 13, 2020	March 13, 2019
Residential Water Only	1010	1010	966
Vacant Residential Water Only	55	55	56
Residential- Full Service	400	396	366
Vacant Residential Full Service	15	18	15
Residential Water Only- Swer Coa	88	88	87
Vacant Residential COA	2	2	2
Fire Line Non - Profit/Tax	4	4	4
Multi-Family	3	3	1
Builder Connection	0	0	0
Builder- Full Service	0	0	0
Builder Deposit	10	10	6
Commercial - Water Only	16	16	13
Commercial- Full Service	0	0	0
3rd Party Backcharge	1	2	2
Com Mfg & Industrial	1	1	1
Com Mfg & Industrial- Full Service	0	0	0
Non-Profit - Fresno VFD	0	0	0
Commerical Irrigation	3	3	2
Ft Bend City- Water Only	1	1	2
Ft Bend Co- Full Service	1	1	0
Ft Bend Co- Water Only	1	1	1
Churches - Water Only	3	3	3
Churches- Full Service	3	3	1
District Meter	1	1	1
Interconnect - No Bill Arcola	1	1	1
<b>Total</b>	<b>1619</b>	<b>1619</b>	<b>1530</b>
Water use per ESFC	236	262	233

## Tap Activity

Month		Month	
Mar-20	4	Mar-19	7
Feb-20	2	Feb-19	7
Jan-20	5	Jan-19	11
Dec-19	7	Dec-18	1
Nov-19	12	Nov-18	5
Oct-19	5	Oct-18	7
Sep-19	2	Sep-18	16
Aug-19	15	Aug-18	13
Jul-19	3	Jul-18	12
Jun-19	8	Jun-18	7
May-19	4	May-18	6
Apr-19	10	Apr-18	22
<b>Total</b>	<b>77</b>		<b>114</b>

# Fort Bend FWSD No. 1 Water Quality Monitoring Report

## Disinfection Monitoring



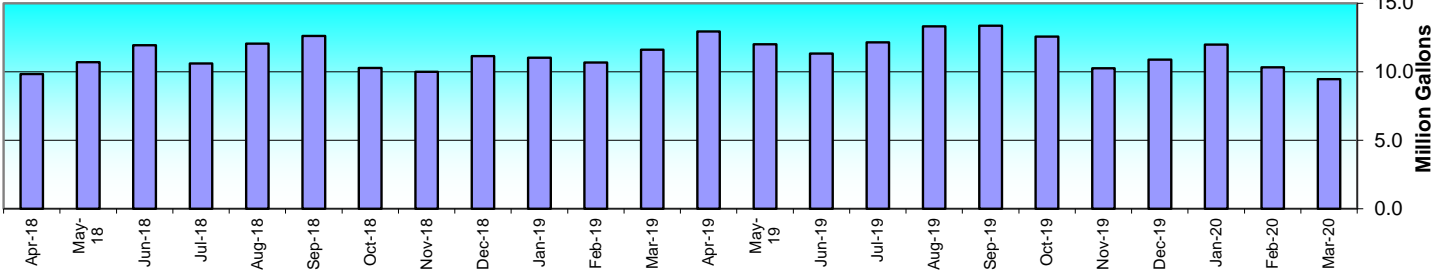
## Maximum Residual Disinfectant Level (MRDL)

Month	Mar-20	Feb-20	Jan-20
# TCR Samples	4	4	4
# Disinfectant Samples	35	34	35
Average Disinfection Res.	1.47	1.29	1.51
Highest Reading	1.81	1.63	1.73
Lowest Reading	1.11	0.48	1.10
# Below Limit	0	0	0
# With None Detected	0	0	0

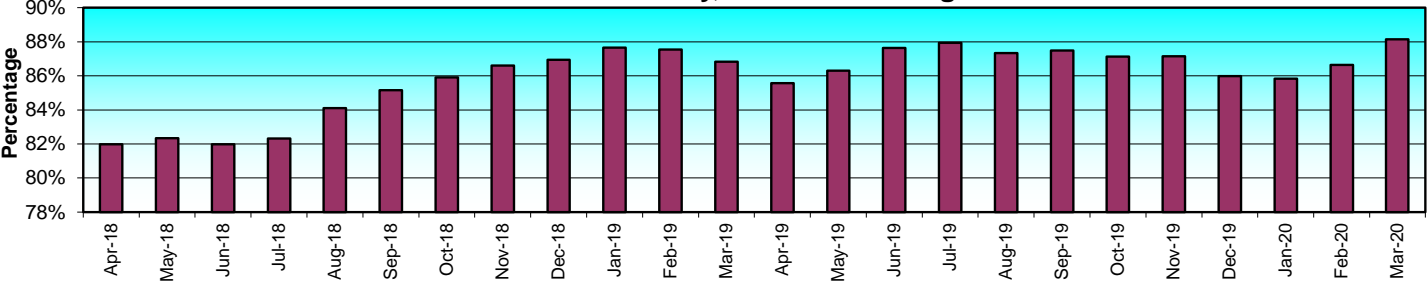
# Fort Bend FWSD No. 1 Water Production Report

Period Ending	Production (MG)	Billed (MG)	Water Sold (MG)	Water Purchased	Total Billed (MG)	Construction (MG)	Water Loss	Accountability (%)	12 Month Avg.
Mar-6-20	9.466	6.487	2.090	0.000	8.577	0.000	0.890	90.6%	88.1%
Feb-7-20	10.339	7.183	2.227	0.000	9.410	0.000	0.929	91.0%	86.6%
Jan-7-20	11.988	8.248	2.514	0.000	10.762	0.000	1.226	89.8%	85.8%
Dec-5-19	10.893	7.264	1.093	0.000	8.357	0.000	2.536	76.7%	86.0%
Nov-5-19	10.253	7.450	2.134	0.000	9.584	0.000	0.669	93.5%	87.2%
Oct-7-19	12.573	8.753	2.644	0.000	11.397	0.000	1.176	90.6%	87.1%
Sep-6-19	13.376	9.184	2.857	0.000	12.041	0.000	1.335	90.0%	87.5%
Aug-6-19	13.318	8.907	2.646	0.000	11.553	0.000	1.765	86.7%	87.3%
Jul-8-19	12.161	8.426	2.730	0.000	11.156	0.000	1.005	91.7%	87.9%
Jun-6-19	11.343	8.329	2.711	0.000	11.040	0.000	0.303	97.3%	87.6%
May-6-19	12.003	8.397	2.743	0.000	11.140	0.000	0.864	92.8%	86.3%
Apr-4-19	12.949	6.490	2.172	0.000	8.662	0.000	4.287	66.9%	85.6%
Mar-7-19	11.614	6.331	2.101	0.000	8.432	0.000	3.182	72.6%	86.8%
Feb-6-19	10.676	6.484	2.199	0.000	8.683	0.000	1.993	81.3%	87.6%
Jan-8-19	11.030	7.621	2.474	0.000	10.095	0.000	0.935	91.5%	87.7%
Dec-6-18	11.152	8.102	2.027	0.000	10.129	0.000	1.023	90.8%	86.9%
Nov-2-18	10.010	6.804	2.518	0.000	9.322	0.000	0.688	93.1%	86.6%
Oct-4-18	10.285	7.541	2.234	0.000	9.775	0.000	0.510	95.0%	85.9%
Sep-5-18	12.619	8.319	2.801	0.000	11.120	0.000	1.499	88.1%	85.2%
Aug-6-18	12.070	8.188	3.141	0.000	11.329	0.000	0.741	93.9%	84.1%
Jul-6-18	10.620	7.122	2.248	0.000	9.370	0.000	1.250	88.2%	82.3%
Jun-6-18	11.945	7.240	2.480	0.000	9.720	0.000	2.225	81.4%	82.0%
May-7-18	10.698	6.822	2.159	0.000	8.981	0.000	1.717	84.0%	82.3%
Apr-6-18	9.844	6.263	1.806	0.000	8.069	0.000	1.775	82.0%	82.0%

Water Production



Accountability, 12 Month Average



Fort Bend FWSD No. 1  
Customer Service Report

March / April 2020

Customer Name	Call Date	Address	Description of Call
<b>Water Quality Complaints</b>			
None			
<b>Problems Reported</b>			
Reminel Aguirre	10-Mar-20	326 Crescent Dr.	Customer reported a possible water leak. Found no evidence of a leak. Made customer contact.
Nayeli Plancarte	12-Mar-20	3402 Ohio St.	Customer reported a possible water leak. Found leaking curbstop. Scheduled for repairs. Made customer contact.
James Miller	13-Mar-20	4219 Mark Terrace	Customer reported a possible water leak. Found leak on customer's line. Made customer contact.
Santiago Monge	16-Mar-20	530 Marilyn	Customer emailed reporting no water. Found shut off valve off. Turned valve on and water services were restored. Made customer contact.
Candie Mauricio	22-Mar-20	214 Crescent Dr.	Customer reported a possible water leak after hours. Found leak at the T in customer's line. Made customer contact.
John Kemp	23-Mar-20	715 Elm St.	Customer reported sewer backup. Clean out was charged, checked up stream and down stream manholes; found them down and flowing. Backup found to be on customer side. Made customer contact.
Cindy Saravia	24-Mar-20	660 Spruce	Customer reported low pressure. Determined district was providing normal amount of water pressure. Unable to access customer's house due to fence. Made customer contact.
Maria Govea	2-Apr-20	522 Cypress Ave.	Customer reported a leak at meter. Found meter did not have meter tail. Scheduled for repairs.
Jose Velazquez	6-Apr-20	637 S. Locust St.	Customer reported no water. Found shut off valve off. Turned valve on and water services were restored. Left door notice.
<b>Billing Disputes</b>			
Irmita Tristan	11-Mar-20	1603 Avenue A	Customer requested a meter re-read due to high consumption. Found meter was mis-read. Customer's account was credited to correct billing. Made customer contact.
Juan Pineda	25-Mar-20	315 Fig Dr.	Customer requested a meter re-read due to high consumption. Meter read was in-line with previous reads. Walked around property and did not see any visible leaks. Unable to confirm accuracy of meter. Made customer contact.
Jose Fernandez	25-Mar-20	726 S. Locust Rd.	Customer requested a meter re-read due to high consumption. Found meter was mis-read. Customer's account was credited to correct billing. Left door notice.
Juanita Torres	30-Mar-20	1715 Avenue A	Customer requested a meter re-read due to high consumption. Found meter was mis-read. Customer's account was credited to correct billing. Made customer contact.
<b>Customer Correspondence</b>			
None			



# Fort Bend FWSD No. 1

## Delinquent Notice/Service Disconnect Report

Date	Delinquent Letters	Date Mailed	Door Hangers	Date Hung	Disconnects	Date of Disconnect
April-20	177	04/06/20				04/06/20
March-20	174	03/09/20	53	03/25/20	0	Deferred
February-20	150	02/10/20	57	02/25/20	13	03/03/20
January-20	181	01/07/20	46	01/24/20	18	01/30/20
December-19	145	12/10/19	51	12/31/19	13	01/07/20
November-19	165	11/08/19	40	12/04/19	6	12/10/19
October-19	118	10/11/19	31	10/30/19	10	11/05/19
September-19	147	09/10/19	33	10/01/19	14	10/08/19
August-19	124	08/13/19	42	08/27/19	9	09/05/19
July-19	157	07/09/19	40	07/22/19	16	07/30/19
June-19	125	06/10/19	37	07/01/19	10	07/08/19
May-19	139	05/06/19	19	05/21/19	12	05/29/19
April-19	129	04/08/19	41	04/23/19	15	04/30/19
March-19	138	03/11/19	39	03/26/19	7	04/01/19
February-19	125	02/13/19	42	02/26/19	8	03/05/19
January-19	135	01/10/19	44	01/22/19	11	01/31/19
December-18	186	12/04/18	38	12/27/18	11	01/07/19
November-18	160	11/05/18	33	11/28/18	10	12/04/18
October-18	156	10/05/18	37	10/24/18	16	10/31/18
September-18	134	09/10/18	38	09/26/18	12	10/02/18
August-18	147	08/06/18	38	08/21/18	9	08/28/18
July-18	99	07/11/18	28	07/24/18	6	07/31/18
June-18	102	06/11/18	25	07/03/18	15	07/10/18
May-18	121	05/04/18	20	05/24/18	8	05/30/18

Current Month Terminations						
Account	Name	Address	Total Due	Deposit	Turn-Off Date	Turn-On Date
		No Disconnects				

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	ACCOUNT NO.	CUSTOMER NAME	SERVICE ADDRESS	DEPOSIT	ARREARS	BALANCE	Most Recent Payment	Payment Date
1	126096	DOAN, TUAN	303 TEAKWOOD AVE	75.00	448.82	704.67	196.29	03/13/20
2	081128	MONREAL, MARY & FELIPE	4643 KANSAS ST	76.00	511.51	669.47	54.94	03/03/20
3	081260	FLORES, EMILIANO	425 EVERGREEN ST	301.00	341.87	638.02	305.00	03/04/20
4	080805	BROWN, HENRY & RITA	230 CRESCENT	325.00	471.79	631.82	109.21	02/21/20
5	080462	CHANEY, MARION	530 E PALM ST	100.00	398.26	626.04	162.00	02/28/20
6	080509	MEZA, LUIS	4618 B N TEAGUE	1.00	232.47	492.74	150.00	02/17/20
7	081126	CANTU, AURORA L. & RENE D.	729 HICKORY ST	76.00	238.86	477.79	70.00	03/17/20
8	081286	CANTU, RAY	735 1/2 HICKORY ST	1.00	307.94	471.72	127.66	02/27/20
9	080592	GUEVARA, JOSE A	734 WALNUT AVE	175.00	245.13	457.94	554.41	02/13/20
10	134671	GLADYS ALCARAZ	4710 TULIP LN	75.00	211.25	413.57	250.00	03/11/20
11	080477	SMITH, DAVID	4314 BILLY LN	175.00	130.26	400.09	73.68	03/27/20
12	080506	MENDEZ, FRANCISCO &	4415 BRYAN AVE	76.00	243.71	395.73	136.34	03/02/20
13	137153	MARIA ESTELA CORREA	403 TEAKWOOD AVE #1	75.00	143.09	388.52	344.09	03/09/20
14	080744	PEREZ, ANABEL	4728 TULIP LN	151.00	172.62	381.46	231.27	03/25/20
15	080959	ORTEGA, RAMONA	334 MERRIFIELD DR	1.00	161.29	375.79	100.00	03/17/20
16	080524	MILLER, MICHAEL	4219 MARK TERRACE	1.00	95.81	361.91	90.00	03/20/20
17	081225	ROBLES, JOSE GENARO	806 W DALLAS ST	101.00	189.84	321.59	105.13	01/15/20
18	140703	LOPEZ, ADAN	407 WALNUT	75.00	189.84	321.59	158.97	01/08/20
19	081051	CHURCH OF GOD OF PROPHECY	209 BROADMORE DR	1.00	134.33	293.09	145.39	01/29/20
20	110309	CORREA, MARIO	4422 TULIP LN	75.00	132.65	279.13	168.88	02/19/20
21	080625	SALAZAR, ENRIQUE	723 E Sycamore St	1.00	142.54	275.57	179.61	02/13/20
22	147128	CARVAJAI, SANDRA	122 VIRGINIA DR	150.00	162.04	268.36	175.00	12/26/19
23	081562	WILLIAMS DIRA GEORGE	619 CLEO ST	366.00	171.49	268.31	142.00	03/03/20
24	081198	FLORES, LENORA	729 MIMOSA ST	1.00	118.33	268.18	148.28	03/06/20
25	121641	RODOLFO SANTANO ROMAN & NANCY LISS	502 MULBERRY AVE	151.00	159.03	262.54	65.00	03/01/20
26	081271	RAMOS, MIGUEL A. & TERESA D.	1150 EVERGREEN ST	1.00	122.03	261.59	42.54	03/16/20
27	080701	WRIGHT, SARAH	311 VIRGINIA DR	100.00	156.00	257.71	80.36	02/20/20
28	081182	CALDERON, SALVADOR	703 ELM ST	1.00	120.60	253.51	109.84	03/19/20
29	080595	ROBBINS NEST FOR CHILDREN	715 ELM ST	650.00	112.00	246.20	543.59	02/06/20
30	080837	MCCULLOUGH, WAYLON	231 BROADMORE	250.00	123.55	245.57	144.14	03/24/20
31	081592	SANCHEZ ANTONIA	4825 D FM 521	76.00	99.09	245.16	221.05	02/05/20
32	080461	RIVERA, MONICA	802 B Mimosa St	100.00	118.33	242.11	139.72	02/17/20
33	081435	MORA, ELIZABETH	3707 EDIE ST	525.00	135.81	241.10	52.24	03/03/20
34	122161	JOSE BENITEZ	4710 FERN LN	400.00	129.31	239.82	381.35	01/08/20
35	122557	ONAN E LOPEZ	4415 TULIP LN	325.00	79.21	239.62	72.01	03/26/20
36	081515	CARRILLO GREGORIO	838 W PALM	226.00	109.40	238.53	110.00	03/19/20
37	134534	PATTERSON, CRYSTAL	20649 S POST OAK BLVD	175.00	106.94	236.07	95.00	03/19/20
38	081162	GOMEZ, DIANE YNFANTE	627 SPRUCE ST	1.00	95.57	232.90	116.00	04/01/20
39	081567	CHILDRESS JOYCE	715 CLEO ST	151.00	99.00	230.75	140.00	03/26/20
40	081117	CAMPOS, ELENA & DAVID	606 HICKORY ST	1.00	93.00	230.63	200.48	02/26/20
41	080850	GARCIA, JOVA & NARVAEZ, MANUEL	511 REDBUD AVE	151.00	116.57	227.11	298.00	03/18/20
42	120724	MARINA RAMIREZHERNANDEZ	4526 ROSE LN	76.00	103.00	225.63	100.00	03/30/20
43	081017	CHAVIRA, ANTONIO	4710 FAIRHILL AVE	1.00	111.75	224.82	100.00	03/04/20
44	080828	WOODWARD, PAULA	627 ELM ST	75.00	107.00	224.33	112.92	03/11/20
45	146503	URIOSTEGUI, VERENISE	631 HICKORY ST	100.00	97.21	219.93	100.00	03/18/20
46	080758	PERAZA, MARTA L.	314 TEAKWOOD AVE	226.00	89.54	219.04	87.44	03/30/20
47	081164	SARAVIA, WALTER ALEXANDER	652 SPRUCE ST	1.00	100.95	216.31	101.95	02/10/20
48	080755	HERNANDEZ, JORGE L.	547 BROADMORE DR	1.00	90.89	212.31	122.95	02/25/20
49	080444	ALVARADO, JOSE & MADRID, LIDIA	425 RENFROBURFORD RD	1.00	90.89	212.31	91.89	02/13/20
50	080945	FLORES, MARCELO	2930 WOOD	76.00	99.54	210.42	150.00	03/02/20
51	081097	ANDRADE, EVELIN VERONICA	329 MERRIFIELD LN	151.00	90.34	209.84	120.00	03/25/20
52	080952	GARZA, JOSE	203 MERRIFIELD LN	76.00	79.00	207.79	110.00	03/13/20
53	081582	PLATA, STEFANIE	3709 INEZ ST	675.00	109.18	203.38	42.64	02/26/20
54	081086	OROZCO, RODRIGO	122 CRESCENT DR	176.00	90.89	201.87	466.50	01/31/20
55	080523	AGUIRRE, ALEJANDRA	4427 IVY LN	1.00	100.62	201.13	200.00	02/23/20
56	080741	GUERRERO, KARINA	4701 VINE LN	151.00	114.37	201.11	130.00	02/28/20
57	080652	SALAS, CARLOS IVAN RIOS	555 DOGWOOD AVE	151.00	80.45	200.83	219.38	02/12/20
58	080736	LEON, DORA DE	410 TEAKWOOD AVE #3	1.00	90.89	200.43	106.16	03/12/20
59	081560	HERNANDEZ, SANJUANITA	615 CLEO ST	226.00	79.60	200.05	100.00	03/26/20
60	081528	GRAVES JOE W. AND ROSA L.	20723 S POST OAK BLVD	76.00	88.59	199.93	40.00	03/26/20
61	080611	FAJARDO, JUAN	4602 N TEAGUE ST	1.00	98.72	199.78	88.00	03/18/20
62	080931	CASTELAN, MARCELINA	415 TEAKWOOD AVE	1.00	148.77	198.77	39.27	03/23/20

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	ACCOUNT NO.	CUSTOMER NAME	SERVICE ADDRESS	DEPOSIT	ARREARS	BALANCE	Most Recent Payment	Payment Date
63	081964	TINY TOES ACADEMY LLC	1743 TRAMMELFRESNO R	200.00	34.09	192.09	100.00	03/25/20
64	146087	KEVIN MURRAY	4910 DOREEN AVE	0.00	127.60	191.70	0.00	
65	080966	LOPEZ, ISABEL	208 VIRGNIA DR	1.00	87.75	187.96	65.00	03/17/20
66	081064	ARMJO, PAUL & CRISTINA	342 BROADMORE ST	1.00	87.00	187.21	45.00	03/18/20
67	081021	GARCIA, MARINA	106 VIRGINIA DR	1.00	90.89	182.99	121.85	03/03/20
68	081773	FITZGERALD, TRISHA LYNN	1322 TRAMMELFRESNO R	175.00	107.53	182.61	131.85	02/21/20
69	080528	PAEZ, CRISTINA	4119 LILLY ST	75.00	81.63	182.08	91.74	03/16/20
70	080664	BARRERA, ECTOR	535 E DALLAS	401.00	105.09	181.64	475.91	01/31/20
71	081800	OLIVOSANCHEZ, YASMIN	3406 INDIANA ST	75.00	88.58	181.21	62.69	03/18/20
72	080859	ANDREPOINT, JIMMIE	527 REDBUD AVE	1.00	88.37	180.14	81.06	03/18/20
73	080956	GONZALEZ, PEDRO	326 BROADMORE DR	1.00	80.45	179.95	81.45	01/30/20
74	121322	MARTINEZ, MARIA	527 CYPRESS AVE	300.00	100.24	179.51	102.77	01/27/20
75	080721	GARCIA, GUADALUPE & MONROY, JOSE	546 REDBUD AVE	1.00	77.95	179.01	100.00	03/16/20
76	120719	CRISOFORO DIAZ	319 FIG RD	76.00	81.13	177.03	68.11	03/20/20
77	081804	ESTRADA, MARIA	3214 INDIANA ST	75.00	72.50	175.57	107.92	03/27/20
78	132518	MOLINA, JUAN	618 SPRUCE ST	175.00	57.05	174.71	200.00	03/09/20
79	081468	MOORE, RAY & JOHNNIE	730 W PALM	250.00	79.03	173.41	82.32	03/30/20
80	081394	HERNANDEZ, RAQUEL	3407 OHIO ST	75.00	89.75	173.25	91.40	02/16/20
81	080501	JOHNSON, DERRICK	4310 BILLY LANE	1.00	50.31	171.89	150.00	03/27/20
82	081072	CASTILLO, APOLINAR	127 COLLEGE ST	1.00	81.10	171.31	122.80	02/14/20
83	122467	FARFAN, ALFONSO	3726 JAN ST	275.00	106.96	165.67	140.00	03/05/20
84	131690	JESUS ZUNIGA & LORENA LOPEZ	4729 MISTLETOE LN	1.00	78.81	165.55	78.00	03/23/20
85	080494	ROBELO, RODRIGO & MARIA	638 TEAKWOOD AVENUE	1.00	81.71	165.21	230.01	02/11/20
86	120468	MARIA CORREA	403 TEAKWOOD AVE	75.00	62.14	163.07	60.00	03/29/20
87	146498	LOPEZ, VICTOR	3719 LAVERNE ST	150.00	84.80	162.31	175.00	12/16/19
88	080829	ACUNA, BLAS	326 FIG DR	1.00	67.37	157.68	75.00	03/12/20
89	081044	CASTILLO, AUDELIA	112 BROADMORE DR	76.00	71.66	157.56	89.00	03/18/20
90	135902	CARREON, JESSICA	326 COLLEGE ST	100.00	70.77	157.51	72.00	03/18/20
91	081392	PEREZ, MARIO & CASTILLO BRENDA	3411 OHIO ST	100.00	72.33	157.14	100.00	03/18/20
92	081632	CHAVEZ FERNANDO	3620 KANSAS ST	151.00	73.02	155.65	118.56	02/27/20
93	081535	SOLIS MICHAEL	4122 EMERALD LN	1.00	64.33	154.78	100.09	01/22/20
94	081068	MENDOZA, ISIDRO CASTILLO	119 COLLEGE DR	1.00	72.01	153.78	248.61	01/27/20
95	081075	LEOS, VALENTIN	138 COLLEGE ST	176.00	72.01	153.78	465.89	01/31/20
96	121318	MARTINEZ, EISON	4026 EMERALD STREET	275.00	90.40	150.70	607.77	01/31/20
97	080877	CASTILLO, ANTONIO	108 BROADMORE ST	226.00	63.30	150.40	65.00	03/22/20
98	081409	CORONA, YADIRA	3021 ILLINOIS ST	150.00	64.33	146.09	161.53	02/13/20
99	080655	GUEVARA, JOSE A.	4606 TULIP LN	1.00	63.57	144.50	151.88	02/13/20
100	081370	MELENDEZ, CRYSTAL	3107 OHIO ST LTA	100.00	67.51	140.41	61.35	01/08/20
101	080445	MARTINEZ, VERONICA	2803 CALIFORNIA ST #2	100.00	54.29	139.58	63.52	03/26/20
102	080822	CERVANTES, SALVADOR E & IRASEMA	630 WALNUT AVE	76.00	73.67	138.61	85.85	01/12/20
103	080794	SERRANO, ROGELIO	503 TEAKWOOD AVE	1.00	64.33	137.40	65.33	02/12/20
104	081267	DE LA FUENTE, SERVANDO	1330 EVERGREEN	76.00	53.38	136.03	106.19	03/30/20
105	116815	FELIPE MEDINA	4722 MISTLETOE	75.00	59.38	135.70	142.37	01/17/20
106	081373	TORRES, EMMANUEL & CANO, LORENA	817 JASMINE ST	150.00	47.60	135.53	73.52	04/02/20
107	081480	RANGEL, MARIA & CHAPA JR, SAMUEL	3011 ILLINOIS RD	225.00	44.29	132.89	63.52	04/03/20
108	080612	RYMER, RUDEL	4650 N TEAGUE	76.00	56.71	132.61	58.00	02/06/20
109	081444	AGUILAR, JENNIFER	3215 INDIANA ST	150.00	69.00	132.51	72.30	02/28/20
110	081877	GUTIERREZ, EDUARDO	3704 EDNA ST	75.00	73.02	131.58	134.85	01/15/20
111	081383	RODRIGUEZ, JUAN	20645 S POST OAK BLVD	75.00	60.70	129.83	101.77	01/20/20
112	080772	GOMEZ, CONCEPCION ROMERO	4311 IVY LANE	0.00	55.64	127.84	65.33	02/12/20
113	143078	MARTIN AMEZCUA	3735 LOUISE ST	75.00	63.11	127.21	1,000.00	09/25/19
114	080803	BENITEZ, JOSE L. ROLDAN	202 EVERGREEN ST UNIT	1.00	46.95	126.98	152.84	02/12/20
115	081483	VASQUEZ, JUDITH	3311 INDIANA ST	75.00	64.33	122.02	74.02	02/13/20
116	081721	MONTESINOS, ANNA	3215 MARYLAND ST	1.00	34.31	122.00	100.78	04/04/20
117	081275	MYKHAR, EMIL	1245 EVERGREEN ST	1.00	40.26	120.93	61.20	03/11/20
118	081224	CABRIALES, ERNESTO	841 1/2 W DALLAS ST	76.00	46.95	118.29	238.96	01/27/20
119	080827	AGUILAR, JOSE ANGEL	719 WALNUT AVE	1.00	46.95	118.29	124.42	02/10/20
120	080478	ALDACO, JORGE	4434 GARDENIA LN	75.00	51.00	118.10	118.10	02/11/20
121	080600	ROMERO, LUSIA	530 REDWOOD AVE	1.00	51.00	118.10	56.19	02/12/20
122	121592	GARCIA, ROSA MARIA MAGANA	20003 S POST OAK BLVD A	75.00	61.20	118.02	56.64	02/14/20
123	081734	VALVERDE, RICHARD	3015 OHIO ST	1.00	53.32	117.42	49.89	01/15/20
124	081503	BONIER JANICE	3822 1/2 KANSAS	75.00	42.74	116.94	48.05	03/25/20

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125	081516	PATTERSON NELL	918 W PALM	151.00	39.93	110.06	60.00	03/25/20
126	081258	HERNANDEZ, MATEA	731 EVERGREEN ST	1.00	46.95	109.60	65.33	02/13/20
127	132516	MARTINEZ, CARLA	3703 LOLA ST	250.00	43.24	107.82	100.00	03/01/20
128	081890	ROQUE, GERARDO	3714 RITA ST	76.00	46.95	102.91	99.78	02/10/20
129	144069	VALERO, VALERIE A.	602 N LOCUST ST	75.00	46.95	102.91	50.65	02/24/20
130	080479	ALCANTAR, YOBANI	722 CLEO ST	75.00	46.95	102.91	47.95	02/13/20
131	120609	JOSE A PENA	3218 MARYLAND RD	75.00	25.91	101.87	80.00	03/19/20
132	080687	REYES, ALICIA RIVAS	4439 CAMELIA LN	1.00	40.26	101.24	97.52	02/17/20
133	081532	ORTIZ BENJAMIM	4014 EMERALD LN	1.00	56.59	99.91	50.00	02/17/20
134	081617	MEJIA CESAR & DAMARIS	3606 LAVERNE ST	76.00	42.32	99.83	41.87	03/20/20
135	081923	ESPINOSA, MARIA L	1719 AVENUE C	250.00	49.03	97.63	100.00	01/09/20
136	081414	DOMINGUEZ, MARISELA	3723 LAVERNE ST	225.00	55.64	97.39	91.15	02/03/20
137	123900	KAMISHA SIMIEN	1602 AVE A	75.00	49.45	96.54	100.00	01/13/20
138	081547	RINCON JORGE A.	703 W JASMINE ST	1.00	46.95	96.22	77.13	02/07/20
139	081563	CASTILLO JOSE H.	634 CLEO ST	1.00	40.26	95.55	106.53	01/27/20
140	080813	LOPEZ, RICARDO	411 E PALM ST	1.00	40.26	95.55	34.57	02/12/20
141	120714	RAUL MEZA	619 MYRTLE AVE	1.00	40.26	95.55	177.30	01/17/20
142	080779	CABRERA, DOMINGO S	710 TEAKWOOD AVE	0.00	40.64	94.96	112.00	02/19/20
143	080908	AGUIRRE, SALVADOR	4202 ROSE LN	1.00	26.22	94.48	200.00	02/18/20
144	146494	LANDAVERDE, BERARDO	715 CEDAR ST	100.00	39.26	94.45	41.26	02/13/20
145	120738	ROBBINS NEST FOR CHILDREN	715 ELM ST FIRE	225.00	43.00	94.00	276.00	11/04/19
146	081977	MORGAN, ROLAND S.	631 CLEO ST	75.00	35.93	93.86	47.68	03/12/20
147	081728	OROZCO, DALINDA	3320 OHIO ST	675.00	33.57	91.50	44.29	03/13/20
148	081889	LOPEZ, RODOLFO	3718 LOLA ST	151.00	33.08	90.59	70.00	03/16/20
149	120715	MARICELA REYES SOTO	329 MAIN ST	76.00	32.74	90.25	33.57	03/18/20
150	081723	TESCA, MAURICE A	3315 MARYLAND ST	76.00	40.26	88.86	127.20	02/04/20
151	081420	MARTINEZ, INES	1501 1/2 AVE C	75.00	40.26	88.86	165.59	02/13/20
152	080886	TYLER, JODIE	207 E DALLAS RD	1.00	40.26	88.86	44.29	03/07/20
153	080540	LORENZO, JOSE &	622 DAVIS	1.00	39.80	88.35	43.00	02/07/20
154	080639	ZAYAS, GIOVANNI C.	634 REDWOOD AVE	76.00	33.57	88.19	34.57	02/13/20
155	081583	HERNANDEZ, JUAN	3623 LOUISE ST	100.00	32.76	86.30	97.00	02/19/20
156	080823	GONZALEZ, CESAR PAEZ &	631 WALNUT AVE	1.00	31.73	86.16	50.00	03/07/20
157	122465	JUAN MONTES	3115 CALIFORNIA ST	75.00	33.57	81.50	44.29	03/02/20
158	081291	DIAZ, JOSE LUIS	3138 A NAIL RD	150.00	33.57	81.50	30.38	01/31/20
159	081896	PEREZ, DAVID	1607 AVENUE A	76.00	33.57	80.50	108.51	02/20/20
160	081250	ALVARADO, MARIA	19330 S POST OAK BLVD	1.00	31.13	78.81	120.00	03/04/20
161	081357	RODRIGUEZ, RAFAEL	3950 KANSAS ST	75.00	33.57	77.31	61.99	02/06/20
162	081477	HERNANDEZ, MARIA C.	626 CEDAR ST	75.00	33.57	77.31	34.57	02/13/20
163	081310	BRAVO, JUDITH	4020 PERIDOT ST	75.00	33.57	77.31	70.44	01/23/20
164	081134	GARCIA, JESSICA	629 EVERGREEN ST	1.00	33.57	77.31	41.26	02/10/20
165	081626	MARTINEZ BLANCA	1507 AVE D	1.00	29.38	76.89	47.95	02/13/20
166	099886	MARIA L AVEJA	4102 LILLY ST	1.00	29.38	76.89	35.83	02/17/20
167	081510	LOPEZ, RIGOBERTO	3710 EDIE ST	75.00	31.69	75.24	26.00	02/19/20
168	081764	BECERRA, JUAN	3203 PENNSYLVANIA STA	75.00	29.38	72.70	61.99	02/07/20
169	081807	ACUNA, JOSE J	3102 INDIANA ST	1.00	29.38	72.70	67.46	02/11/20
170	134670	MARIA C. RAZO & NAVARRO FRANCISCO	3102 OHIO ST	75.00	29.38	72.70	30.38	02/13/20
171	124984	ASLI TUZUN	20547 S POST OAK BLVD	75.00	25.19	63.90	53.48	02/02/20
172	142302	MCCORY, AMOS	806 CLEO ST	75.00	25.19	63.90	57.80	02/10/20
173	081135	MILLER, MICHAEL & ROSE	2440 B NAIL RD	1.00	25.19	63.90	26.19	02/13/20
174	080691	TRISTAN, FRANCISCO	223 E DALLAS RD	1.00	25.19	63.90	30.38	02/13/20
175	081302	FERNANDEZ, ANEL & JOSE N.	3019 OHIO ST	75.00	27.29	61.81	45.10	02/14/20
176	081791	SANCHEZ, MARTHA	3211 ILLINOIS RD	1.00	26.86	61.55	60.32	02/07/20
177	081448	DIAZ, ROBERTO MOYAO	20403 S POST OAK BLVD	250.00	25.19	59.71	26.19	01/24/20
				17,464.00	15,868.36	32,756.00	21,860.51	

## FWSD#1 Interconnect w/COA

Day	FWSD#1 IC w/ COA	Daily Flow	Well Reads @ WP	Daily Flow
2/1/2020	122751	74	670793	434
2/2/2020	122825	74	671227	270
2/3/2020	122899	69	671497	437
2/4/2020	122968	75	671934	264
2/5/2020	123043	64	672198	423
2/6/2020	123107	70	672621	267
2/7/2020	123177	77	672888	428
2/8/2020	123254	78	673316	267
2/9/2020	123332	78	673583	353
2/10/2020	123410	73	673936	354
2/11/2020	123483	71	674290	264
2/12/2020	123554	64	674554	383
2/13/2020	123618	65	674937	309
2/14/2020	123683	74	675246	272
2/15/2020	123757	74	675518	432
2/16/2020	123831	74	675950	270
2/17/2020	123905	75	676220	437
2/18/2020	123980	69	676657	273
2/19/2020	124049	70	676930	418
2/20/2020	124119	73	677348	283
2/21/2020	124192	73	677631	269
2/22/2020	124265	73	677900	427
2/23/2020	124338	73	678327	268
2/24/2020	124411	80	678595	421
2/25/2020	124491	84	679016	272
2/26/2020	124575	77	679288	419
2/27/2020	124652	84	679707	281
2/28/2020	124736	86	679988	280
2/29/2020	124822	86	680268	417
3/1/2020	124908	86	680685	422

\*meter is read M-F during normal business hours, weekend reads are calculated.

### FWSD#1 Interconnect w/COA

Day	FWSD#1 IC w/ COA	Daily Flow	Well Reads @ WP	Daily Flow
3/1/2020	124908	86	680685	422
3/2/2020	124994	57	681107	249
3/3/2020	125051	86	681356	411
3/4/2020	125137	56	681767	184
3/5/2020	125193	79	681951	403
3/6/2020	125272	80	682354	348
3/7/2020	125352	81	682702	223
3/8/2020	125433	81	682925	557
3/9/2020	125514	45	683482	275
3/10/2020	125559	75	683757	280
3/11/2020	125634	90	684037	414
3/12/2020	125724	80	684451	298
3/13/2020	125804	82	684749	409
3/14/2020	125886	82	685158	302
3/15/2020	125968	82	685460	427
3/16/2020	126050	75	685887	413
3/17/2020	126125	75	686300	301
3/18/2020	126200	79	686601	427
3/19/2020	126279	77	687028	422
3/20/2020	126356	84	687450	419
3/21/2020	126440	85	687869	290
3/22/2020	126525	85	688159	425
3/23/2020	126610	80	688584	320
3/24/2020	126690	85	688904	453
3/25/2020	126775	88	689357	444
3/26/2020	126863	80	689801	446
3/27/2020	126943	84	690247	430
3/28/2020	127027	84	690677	422
3/29/2020	127111	85	691099	320
3/30/2020	127196	86	691419	449
3/31/2020	127282	82	691868	456
4/1/2020	127364	83	692324	461

\*meter is read M-F during normal business hours, weekend reads are calculated.

## 2019 COA Sewer Meter Reads

Day	COA Sewer Reads	Daily Flow (in GPD)
2/1/2020	78782429	82,533
2/2/2020	78864962	82,534
2/3/2020	78947496	67,608
2/4/2020	79015104	68,152
2/5/2020	79083256	67,600
2/6/2020	79150856	66,592
2/7/2020	79217448	66,885
2/8/2020	79284333	66,885
2/9/2020	79351218	66,886
2/10/2020	79418104	82,768
2/11/2020	79500872	65,680
2/12/2020	79566552	53,496
2/13/2020	79620048	68,384
2/14/2020	79688432	69,544
2/15/2020	79757976	69,544
2/16/2020	79827520	69,544
2/17/2020	79897064	93,240
2/18/2020	79990304	72,264
2/19/2020	80062568	69,616
2/20/2020	80132184	69,376
2/21/2020	80201560	66,317
2/22/2020	80267877	66,317
2/23/2020	80334194	66,318
2/24/2020	80400512	107,992
2/25/2020	80508504	66,864
2/26/2020	80575368	75,056
2/27/2020	80650424	58,200
2/28/2020	80708624	71,584
2/29/2020	80780208	71,584
3/1/2020	80851792	71,584
<b>Average Daily Flow (in GPD)</b>		<b>71,365</b>
<b>% based on allotted capacity 250,000 gpd</b>		<b>29%</b>

## 2019 COA Sewer Meter Reads

Day	COA Sewer Reads	Daily Flow (in GPD)
3/1/2020	80851792	71,584
3/2/2020	80923376	66,152
3/3/2020	80989528	89,784
3/4/2020	81079312	46,328
3/5/2020	81125640	74,920
3/6/2020	81200560	65,653
3/7/2020	81266213	65,653
3/8/2020	81331866	65,654
3/9/2020	81397520	82,440
3/10/2020	81479960	57,040
3/11/2020	81537000	69,288
3/12/2020	81606288	65,872
3/13/2020	81672160	71,890
3/14/2020	81744050	71,891
3/15/2020	81815941	71,891
3/16/2020	81887832	71,712
3/17/2020	81959544	73,952
3/18/2020	82033496	70,104
3/19/2020	82103600	67,512
3/20/2020	82171112	71,666
3/21/2020	82242778	71,667
3/22/2020	82314445	71,667
3/23/2020	82386112	76,112
3/24/2020	82462224	72,440
3/25/2020	82534664	74,624
3/26/2020	82609288	72,616
3/27/2020	82681904	74,797
3/28/2020	82756701	74,797
3/29/2020	82831498	74,798
3/30/2020	82906296	74,848
3/31/2020	82981144	76,000
4/1/2020	83057144	72,488
		<b>71,183</b>
<b>% based on allotted capacity 250,000 gpd</b>		<b>28%</b>



CERTIFICATE FOR RESOLUTION PROVIDING FOR ANNUAL  
REVIEW OF IDENTITY THEFT PREVENTION PROGRAM  
2020

THE STATE OF TEXAS

COUNTY OF FORT BEND

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

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We, the undersigned officers of the Board of Supervisors (the "Board") of Fort Bend County Fresh Water Supply District No. 1 (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on April 16, 2020, via video conference, as permitted by the March 16, 2020, Declaration by the Governor of the State of Texas which suspended certain provisions of Chapter 551, Texas Government Code, and the roll was called of the members of the Board, to-wit:

Paul Hamilton	President
Greg Fleck	Vice President
Calvin Casher	Secretary
Rodrigo Carreon	Assistant Secretary
Rosa Linda Medina	Assistant Secretary

All members of the Board were present except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

RESOLUTION PROVIDING FOR ANNUAL  
REVIEW OF IDENTITY THEFT PREVENTION PROGRAM

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All Present

NOES: None

2. A true, full, and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Resolution has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Resolution would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by V.T.C.A., Government Code, Chapter 551, as amended.

SIGNED AND SEALED this April 16, 2020.

\_\_\_\_\_  
President, Board of Supervisors

\_\_\_\_\_  
Secretary, Board of Supervisors

RESOLUTION PROVIDING FOR ANNUAL  
REVIEW OF IDENTITY THEFT PREVENTION PROGRAM  
2020

THE STATE OF TEXAS

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COUNTY OF FORT BEND

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

WHEREAS, the Board of Supervisors of Fort Bend County Fresh Water Supply District No. 1 (the “District”) has heretofore established an Identity Theft Prevention Program (the “ITP Program”);

WHEREAS, Article VIII of the ITP Program provides for the ITP Program to be reviewed and updated annually; and

WHEREAS, the Board of Supervisors of the District has conducted its annual review of its ITP Program; and desires (1) to evidence its review of the ITP Program, and (2) to specify any changes authorized thereto;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 THAT:

I.

The Board of Supervisors of the District has received from the Operator of the District the Annual ITP Program Report (the “Annual Report”), attached hereto as Exhibit “A.” In connection with the Annual Report, the Board of Supervisors of the District conducted a review of the District’s ITP Program; and hereby finds that that no changes are necessary at this time to the ITP Program.

II.

The President or the Vice President is authorized to execute and the Secretary or any Assistant Secretary is authorized to attest this Resolution on behalf the Board, and any officer of the Board and the Attorney for the District are authorized to do any and all things necessary to carry out the intent hereof.

EXECUTED as of this April 16, 2020.

ATTEST:

/s/ Paul Hamilton  
President, Board of Supervisors

/s/ Calvin Casher  
Secretary, Board of Supervisors

**CERTIFICATE FOR  
RESOLUTION DESIGNATING EMERGENCY MANAGER  
AND DELEGATING EMERGENCY AUTHORITY**

THE STATE OF TEXAS

§

COUNTY OF FORT BEND

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FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

§

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§

We, the undersigned officers of the Board of Supervisors (the "Board") of Fort Bend County Fresh Water Supply District No. 1 (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on April 16, 2020, via video conference, as permitted by the March 16, 2020, Declaration by the Governor of the State of Texas which suspended certain provisions of Chapter 551, Texas Government Code, and the roll was called of the members of the Board, to-wit:

Paul Hamilton	-	President
Greg Fleck	-	Vice President
Calvin Casher	-	Secretary
Rosa Linda Medina	-	Assistant Secretary
Rodrigo Carreon	-	Assistant Secretary

All members of the Board were present except the following absentees: \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

**RESOLUTION DESIGNATING EMERGENCY MANAGER AND DELEGATING EMERGENCY AUTHORITY**

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All Present

NOES: None

2. A true, full, and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Resolution has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Resolution would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by V.T.C.A., Government Code, Chapter 551, as amended.

SIGNED AND SEALED this April 16, 2020.

\_\_\_\_\_  
President, Board of Supervisors

\_\_\_\_\_  
Secretary, Board of Supervisors

## **RESOLUTION DESIGNATING EMERGENCY MANAGER AND DELEGATING EMERGENCY AUTHORITY**

WHEREAS, COVID-19 is a global pandemic that has led the President of the United States to declare a national emergency; and

WHEREAS, the Governor of the State of Texas, similarly, has declared a state of disaster for all counties in Texas and issued a proclamation certifying that COVID-19 (the “Emergency”) poses an imminent threat of disaster; and

WHEREAS, Fort Bend County Fresh Water Supply District No. 1 (the “District”) is a political subdivision of the State of Texas, and as such exercises essential governmental functions, and operates and maintains certain Essential Critical Infrastructure, as defined and identified by the U.S. Department of Homeland Security National Cybersecurity and Infrastructure Security Agency; and

WHEREAS, pursuant to an additional declaration by the Governor, certain requirements of Chapter 551, Texas Government Code, the Open Meetings Act, have been suspended in response to the Emergency. This action permits governmental bodies, including the District, to temporarily conduct meetings by telephonic or video conferences to advance the public health goal of limiting face-to face meetings to slow the spread of COVID-19; and

WHEREAS, as a result of the Emergency, and in conformance with the Governor’s declarations, the Board of Supervisors (the “Board”) of the District has noticed a meeting to be held by telephonic or video conference, and will notice future meetings to be held by telephonic or video conference during the pendency of the Emergency; and

WHEREAS, the efficient operation of the District and its Essential Critical Infrastructure requires ongoing decision-making and the payment of expenses; and

WHEREAS, checks disbursing District funds are required to be signed by a majority of the Board, except as provided by Section 49.151(b) of the Texas Water Code, as amended (the “Statute”); and

WHEREAS, the Statute provides that a board may, by resolution, authorize a general manager, treasurer, bookkeeper or other employee of a district to sign disbursements; and

WHEREAS, while it is the general intent of the Board to continue to function normally with respect to operational matters, decisions, and check-writing it may be necessary to exercise alternative actions due to the extenuating circumstances caused by the Emergency; and

WHEREAS, the Board has determined that it is in the best interests of the District to designate one of its directors as the District’s Emergency Manager during the pendency of the Emergency; and

WHEREAS, the Board desires that the Emergency Manager be delegated specified and limited authority, as provided in this Resolution, to assist in the efficient operation of the District and its Essential Critical Infrastructure for the duration of the Emergency. In connection therewith, the Board further desires to adopt the temporary procedures specified in this Resolution concerning the payment of District expenses and disbursement of funds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 THAT:

I.  
DESIGNATION OF EMERGENCY MANAGER

The Board hereby designates the President of the Board (or in the absence or unavailability of the President, the Vice President, or in the absence or unavailability of the Vice President, the Secretary, or in the absence or unavailability of the Secretary, any Assistant Secretary) as the District's temporary emergency manager ("Emergency Manager"). The Emergency Manager will function as a general manager, pursuant to Section 49.056, Texas Water Code, to undertake the Emergency Actions described in Article II. This designation is effective until terminated or rescinded by the Board as provided in Article IV. In the event that the designated individual ceases to serve on the Board, or ceases to serve in the capacity stated, the successor designee, as provided above, shall automatically become the Emergency Manager.

II.  
EMERGENCY ACTIONS

**Section 2.01. Limited Delegation Regarding Emergency Actions.** Between Board meetings, the Emergency Manager is authorized to approve necessary and reasonable District expenditures and authorize necessary District actions (the "Emergency Actions"). Emergency Actions include: the approval of those expenses and actions necessary or convenient to ensure the continued operation of District facilities; the continued availability of District services (including but not limited to, water, wastewater, drainage, parks and recreation, roads, garbage collection, and security services, as applicable); and other responsive actions for which the District has legal authority, or may be required by any other governmental entity with jurisdiction. The Emergency Manager will undertake Emergency Actions, if any, with consultation from the applicable District consultant[s], *i.e.*, the District's operator, engineer, attorney, financial advisor, auditor, bookkeeper, or tax-assessor collector.

**Section 2.01. Ratification.** All Emergency Actions will be thereafter be confirmed and ratified by a majority of the Board at the earliest time legally possible, and safe under the circumstances, to convene the next Board meeting.

III.  
PAYMENT OF DISTRICT EXPENSES; DISBURSEMENT OF FUNDS

**Section 3.01. Execution by Majority of Board.** Notwithstanding any delegation in Article II, during the pendency of the Emergency, it remains the general policy of the Board that District checks be signed by a majority of the Board, provided the disbursements have been reviewed and approved by a majority of the Board during a duly and lawfully called telephonic or video conference meeting.

**Section 3.02. Majority of Board Not Reasonably Available for Execution.** Alternatively, if a majority of the Board is not reasonably available to sign checks, the bookkeeper or tax-assessor collector, after consultation with the Emergency Manager, are authorized to proceed with the following options, in the order presented:

- a) Provided that the disbursements have been reviewed and approved by a majority of the Board during a duly and lawfully called telephonic or video conference meeting, the Emergency Manager is authorized to sign checks with a single signature, pursuant to the Statute.
- b) Provided that the disbursements have been reviewed and approved by a majority of the Board during a duly and lawfully called telephonic or video conference meeting, and the County or City in which the District is located (or the bookkeeper's or tax-assessor's principle place of business are located), is under a County or City order which prevents the execution of checks as provided in Section 3.02(a), and only in such circumstances and after additional consultation with the Emergency Manager, the bookkeeper is authorized to sign, with a single signature,

checks for the Board approved disbursements. Should this option be exercised, the following is applicable and approved:

- 1) The District's bookkeeper is Municipal Accounts and Consulting, LP. Checks may be signed by one of the following bookkeeper employee[s]: Mark Burton.
- 2) In the event the bookkeeper ceases to be the District's bookkeeper or if any of the above-specified bookkeeper signatories cease to be employed by the bookkeeper, the authorization provided by this Section 3.02(b) is automatically and immediately revoked and terminated, and the bookkeeper shall immediately provide written notice of such termination to the District and the District's bank.

**Section 3.03. Delivery of Checks and Invoices.** The District's bookkeeper and tax assessor-collector are directed to arrange for the delivery of checks to the applicable signatories (as specified in this Article III), and retrieve and complete the payment processes.

#### IV.

#### MISCELLANEOUS

**Section 4.01. Effective Date.** This Resolution is effective as of the date of its adoption.

**Section 4.02. Term and Termination.** This Resolution, the designation of Emergency Manager, and any authority granted hereunder, shall automatically and immediately terminate at such time as the Emergency ceases. Notwithstanding the foregoing, the Board may, at its discretion, amend, rescind or terminate this Resolution at any time.

**Section 4.03. Banking Documentation & Signature Card Approval.** The District's bookkeeper and tax-assessor collector are authorized to take any and all actions necessary to ensure that this Resolution is accepted by the District's banking and depository institutions, including but not limited to the execution of new signature cards as authorized in this Resolution. Any new signature card in compliance with this Resolution is hereby approved by the Board.

At the cessation of the Emergency, the District's bookkeeper and tax-assessor collector are further authorized and directed to revoke signature card[s] activated in connection with this Resolution, and return to sole reliance on the cards previously in place.

PASSED AND APPROVED this April 16, 2020.

ATTEST:

/s/ Paul Hamilton  
President, Board of Supervisors

/s/ Calvin Casher  
Secretary, Board of Supervisors

**CERTIFICATE FOR ORDER ADOPTING SECTION 49.2731**  
**ELECTRONIC BIDDING RULES**

THE STATE OF TEXAS

§

COUNTY OF FORT BEND

§

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

§

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§

We, the undersigned officers of the Board of Supervisors (the "Board") of Fort Bend County Fresh Water Supply District No. 1 (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on April 16, 2020, via video conference, as permitted by the March 16, 2020, Declaration by the Governor of the State of Texas which suspended certain provisions of Chapter 551, Texas Government Code, and the roll was called of the members of the Board, to-wit:

Paul Hamilton	-	President
Greg Fleck	-	Vice President
Calvin Casher	-	Secretary
Rosa Linda Medina	-	Assistant Secretary
Rodrigo Carreon	-	Assistant Secretary

All members of the Board were present except the following Director(s): \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

**ORDER ADOPTING SECTION 49.2731 ELECTRONIC BIDDING RULES**

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of said Order, prevailed and carried by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

2. A true, full, and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Order would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by V.T.C.A., Government Code, Chapter 551, as amended.

SIGNED AND SEALED the 16th day of April, 2020.

\_\_\_\_\_  
President, Board of Supervisors

\_\_\_\_\_  
Secretary, Board of Supervisors

(SEAL)

ORDER ADOPTING SECTION 49.2731  
ELECTRONIC BIDDING RULES

WHEREAS, Section 49.2731 of the Texas Water Code permits a conservation and reclamation district to receive bids under Section 49.273 of the Texas Water Code through electronic transmission, provided that the district adopts rules to ensure the identification, security, and confidentiality of electronic bids and to ensure that the electronic bids remain effectively unopened until the scheduled bid opening; and

WHEREAS, the Board of Supervisors (the "Board") of Fort Bend County Fresh Water Supply District No. 1 (the "District") has considered the District's operations and activities and has determined that the adoption of the Section 49.2731 Electronic Bidding Rules set forth in Exhibit "A" to this Order (the "Rules") will benefit the District; and

WHEREAS, the Board of the District desires to evidence its approval of the Rules and to adopt the Rules.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF SUPERVISORS OF FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 THAT:

**Section 1.**      **Approval and Implementation of the Rules.** The Board of the District hereby approves and adopts the Rules set forth in Appendix "A" to this Order, to be effective on the date below and to remain in force and affect until further action of the Board.

**Section 2.**      **Declaration of Policy, Purpose and Intent.** The purpose of the Rules is to ensure the identification, security, and confidentiality of electronic bids, to ensure that the electronic bids remain effectively unopened until the proper time, and to ensure that an electronic bid received pursuant to the Rules is treated as a sealed bid as required by Texas Water Code Section 49.2731.

PASSED AND APPROVED on April 16, 2020.

/s/ Paul Hamilton  
President, Board of Supervisors

/s/ Calvin Casher  
Secretary, Board of Supervisors



## EXHIBIT "A"

### SECTION 49.2731 ELECTRONIC BIDDING RULES

**Section 1. Policy and Purpose.** The Board of Supervisors (the "Board") of Fort Bend County Fresh Water Supply District No. 1 (the "District") has developed these Electronic Bidding Rules (the "Rules") as allowed by Texas Water Code Section 49.2731 to permit the receipt of bids under Section 49.273 of the Texas Water Code through electronic transmission. The Board has determined that adoption of the Rules is a benefit to the District and that the Rules are sufficient to ensure (1) the identification, security, and confidentiality of electronic bids; (2) that the electronic bids remain effectively unopened until the proper time; and (3) that any provision of Chapter 49 of the Texas Water Code that applies to a sealed bid applies to electronic bids. The Board therefore approved and adopted these Rules by its Order dated April 16, 2020.

**Section 2. Definitions.** Unless otherwise noted, the following definitions apply throughout these Rules:

- Bid:* Any bid tendered to the District pursuant to Section 49.273.
- Bid Invitation:* The bidding documents, plans, specifications, and other data needed to bid on a project prepared by the Procurement Officer pursuant to Section 49.273.
- Electronic Bid:* A Bid submitted to the District's Procurement Officer via the internet.
- Procurement Officer:* The District's engineer or designee.
- Section 49.273:* Section 49.273 of the Texas Water Code, as amended.
- Section 49.2731:* Section 49.2731 of the Texas Water Code, as amended.

**Section 3. Bid Invitation.** If Electronic Bids are to be accepted for a project, the Procurement Officer is responsible for including in the Bid Invitation proper notice to potential bidders of the option to submit an Electronic Bid. Although the Bid Invitation shall be prepared and implemented by the Procurement Officer, as an independent contractor, at a minimum such notice shall advise prospective bidders that:

- A. Electronic bidding is available and the electronic mail address to which the Electronic Bid must be sent.
- B. Electronic Bids shall be considered only if the electronic commerce method was specifically stipulated or permitted by the Bid Invitation. Electronic Bids do not include bids via telegraphic or facsimile transmission, unless otherwise specifically authorized in the Bid Invitation.
- C. Electronic Bids and related bid security(ies) shall contain digital signatures and seals, and all other required bid information and certifications, in accordance with all applicable competitive bidding requirements, and the original, unaltered bid security(ies) must be delivered to the Procurement Officer the business day after the public bid opening if the electronic bidder is the apparent contract awardee.
- D. If, upon being opened, an Electronic Bid is unreadable to the degree that conformance to the essential requirements of the Bid Invitation cannot be ascertained, the bid will be rejected, without liability to the District or the Procurement Officer, unless the bidder provides clear and convincing evidence: (a) of the content of the Electronic Bid as originally submitted; and (b) that the unreadable condition of the Electronic Bid was caused solely by error or malfunction of District or Procurement Officer software or hardware, or other District or Procurement Officer mishandling.

- E. Electronic Bid submission is subject to electronic interface latency, which can result in transmission delays, and that bidders assume the risk of late transmission/submission, and neither the District nor the Procurement Officer shall be held liable if an interested bidder is unable to submit a complete Electronic Bid prior to the published deadline due to technical issues or obstructions.
- F. Any tampering with the electronic bidding system, the electronic bidding process or bid documents by an interested bidder shall result in the bid of such bidder being rejected.

**Section 4. Internet Acceptance Program.** Prior to accepting Electronic Bids, the Procurement Officer shall establish a program ("Internet Acceptance Program") that ensures: (1) the identification, security, and confidentiality of Electronic Bids, (2) that Electronic Bids remain effectively unopened until the proper time, and (3) that any provision of Chapter 49 of the Texas Water Code, as amended, that applies to a sealed Bid applies to an Electronic Bid. Although the Internet Acceptance Program shall be designed and implemented by the Procurement Officer, as an independent contractor, to achieve these goals, it shall meet the following minimum criteria:

- A. Each bidder must be able to transmit an Electronic Bid and bid security(ies) securely and confidentially through bid encryption or other protection measures.
- B. Establish a process for interested bidders to electronically certify their identity and the validity of their submitted Bid.
- C. The Procurement Officer shall include notice of the availability of electronic bidding in any legal notice or advertisement of the project and shall include any registration deadlines.
- D. Each bidder must receive prompt confirmation of the timely electronic filing of the bidder's Electronic Bid, including security(ies).
- E. Each bidder must be able to submit, resubmit, replace and/or withdraw the bidder's filed Electronic Bid and security(ies) prior to the time Bids are opened.
- F. Each Bid filed electronically must be inaccessible or unreadable to all others except for the bidder prior to the time Bids are opened.
- G. The portal for filing Electronic Bids must have a mechanism to block any additional Bids or modifications to Bids at and after the time at which Bids are scheduled to be opened.
- H. The Procurement Officer must have full and immediate access to the Bids and bid bonds at the time Bids are designated to be opened, but not prior to that time.
- I. Only Electronic Bids received prior to the published deadline shall be considered.
- J. All modifications to the Bid Invitation shall be announced in an addendum published through the electronic bidding system.
- K. Electronic Bids and modifications shall be opened publicly, in the presence of one or more witnesses, at the time and place designated in the Bid Invitation.
- L. The Procurement Officer must be able to verify when Bid information and other relevant data are received in order to address any bid protests due to technical issues encountered in submitting Electronic Bids.

**Section 5. Procurement Officer's Certification.** If Electronic Bids are submitted for a project, the Procurement Officer shall include a certification in his/her recommendation of award that the Rules, Section

49.273, and Section 49.2731 have been followed in soliciting, opening, reviewing and recommending award of the winning Bid. The certification shall be in substantially the same form as Schedule 1 attached.

**Section 6. Reports and Updates.** The Rules will be reviewed and updated as necessary. The Procurement Officer will submit an annual written report to the Board regarding the District's compliance with the Rules and with Section 49.2371, evaluating the effectiveness of the Rules and specifying any recommended changes to the Rules. If presented with proposed changes by the Procurement Officer, the Board will make a determination of whether to accept, modify or reject those changes to the Rules.

SCHEDULE 1  
TO SECTION 49.2731 ELECTRONIC BIDDING RULES

**ENGINEER'S CERTIFICATE:  
SECTION 49.2731 ELECTRONIC BIDDING RULES COMPLIANCE**

I, the undersigned, a duly registered professional engineer under the laws of the State of Texas and authorized representative of Jacobs, the duly appointed and acting consulting engineers for Fort Bend County Fresh Water Supply District No. 1 (the "District") do hereby certify that:

I am familiar with and have examined Texas Water Code Sections 49.273 and 49.2731, the District's Electronic Bidding Rules (the "Rules"), and the software under which the District received bids for the project referenced below through electronic transmission.

I hereby certify (i) compliance with Section 49.2731 and the Rules, (ii) that said software is designed to assure the identification, security and confidentiality of the bids; and (iii) that electronically submitted bids remain effectively unopened until the proper time.

WITNESS MY HAND AND PROFESSIONAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Registered Professional Engineer  
Registration No, \_\_\_\_\_

(SEAL)

Project identification for which electronic bids received:

\_\_\_\_\_

**Fresno Freshwater 1 Wastewater Treatment Plant  
February 3, 2020 Through March 5, 2020 Summary  
April 16, 2019**

The treatment plant operation information was received by Paul Hamilton from John Montgomery with Municipal Operations & Consultants.

WWTP Operations Report:

During the month of (2/20/2020 - 3/20/2020) per the attached MOC monthly report, the WWTP was operating at 31% of the 0.675 MGD permit capacity and was operating within permit parameters. Average daily flow was 206,741 gallons. During the month total plant flow (1/31/20-2/29/2020) was 5,995,500 gallons and the total rainfall was 1.0 inches. Daily plant peak flow was 387,300 gallons. Freshwater 1 daily average inflow was (10%) 70,469 gallons. Arcola daily inflow was 20%

WWTP Discharge Monitoring Report:

The February 2020 Discharge Monitoring Report (DMR) did not reflect any parameter exceedances. A copy of the DMR is attached.

Operations Expenses

The WWTP total expenses for February 3, 2020 - March 5, 2020 was \$ 5892.73. \$1000.00 for MOC monthly services plus \$ 4,892.73 for ancillary supplies and activities. See attached expense sheets, back 6 pages of the report package.

*Paul Hamilton*

FBFW1 Supervisor & Treatment Plant Liaison



# Municipal Operations & Consulting, Inc.

## MONTHLY OPERATIONS REPORT FOR THE CITY OF ARCOLA

March, 2020

TOTAL CONNECTION COUNT: 739  
SEWER ONLY BILLED: 259  
WATER/SEWER BILLED: 340  
VACANTS: 140

BILLING PERIOD: 02/20/20 - 03/20/20

FWSD 1 - Previous Read 124,117,000  
Read Date: 03/20/20 126,364,000  
Total Gallons Pumped: 2,247,000  
Water received from FB 141 0  
Water supplied to FB 141 0  
Gallons Billed 2,198,000  
Leaks and Flushing 5,000  
Pumped vs Billed 98%

Notes:

	Penalty	Tap Fee	Sewer	Water	NFBWA	TCEQ	Misc.	Deposit	TOTAL
REVENUE:	\$1,489.84	\$0.00	\$22,699.97	\$19,217.38	\$8,483.92	\$0.00	\$842.25	\$359.40	\$53,092.76

### WASTEWATER TREATMENT PLANT

T.C.E.Q. Permit Number:

TX0102385

Permit expiration date:

January, 2024

### February, 2020

	February, 2020	Permitted	Measured by:
Average daily flow	206,741	Permitted Daily Flow	675,000 gal.per day
Average CBOD	3	Permitted CBOD	10 lbs/day
Average Total Suspended Solids	1.29	Permitted T.S.S.	15 mg/l
Average Ammonia Nitrogen	0.05	Permitted Ammonia Nitrogen	3 mg/l
Average PH	7.68	Permitted PH	6.00 - 9.00 STD UNIT
Average Dissolved Oxygen	8.02	Permitted Dissolved Oxygen	4.0 mg/l
E. coli	1.00	Permitted E. coli	126.0 mpn/100 ml
Total Rainfall	1.00		
Daily Average Flow - FS #1	70,469		
FS #1 Flow	10%		
Arcola Flow	20%		

Sewer Treatment plant is currently operating at 31% of the permitted capacity

### Sewer Treatment Plant/Lift Station - Notes



# City of Arcola Sewage Treatment Plant

February-20

	Flow Reading	Total Gallons x100	2hr Peak	CL <sub>2</sub> Res.	Mag. Res.	Final CL <sub>2</sub>	Sample Temp	%Solids SV - 30	Sludge Blanket	Waste Time	Bleach Total Used	Rainfall (Inches)
1/31/2020	6761807											
2/1/2020	6764265	2458	50	3.8	0.08	3.72	3			0	20	0
2/2/2020	6766654	2389	42	3.2	0.05	3.15	3			0	20	0
2/3/2020	6769402	2748	35	3.4	0.1	3.3	3			40	20	0
2/4/2020	6771373	1971	15	3.2	0.09	3.11	3	20	5	40	20	0
2/5/2020	6773111	1738	20	3	0.12	2.88	3			20	20	0
2/6/2020	6774679	1568	25	3.4	0.04	3.36	3	22	5	40	20	0
2/7/2020	6776437	1758	15	2.9	0.08	2.82	3			0	20	0
2/8/2020	6778051	1614	21	3	0.2	2.8	3			0	20	0
2/9/2020	6780599	2548	45	3.1	0.15	2.95	3			40	20	0
2/10/2020	6782812	2213	25	3.2	0.1	3.1	3			0	20	0
2/11/2020	6784719	1907	38	3.6	0.12	3.48	3	19	5	40	20	0
2/12/2020	6786406	1687	40	3.4	0.08	3.32	3			0	20	0
2/13/2020	6788257	1851	31	3.6	0.04	3.56	3	20	5	40	20	0
2/14/2020	6789567	1310	35	3.5	0.09	3.41	3			0	20	0
2/15/2020	6791453	1886	25	3.9	0.15	3.75	3			0	20	0
2/16/2020	6793672	2219	24	3.8	0.1	3.7	3			0	20	0
2/17/2020	6795680	2008	28	3.1	0.12	2.98	3			0	20	0
2/18/2020	6797811	2131	31	3.2	0.05	3.15	3	21	5	40	20	0
2/19/2020	6799181	1370	30	3.6	0.08	3.52	3			40	20	0
2/20/2020	6800845	1664	20	3.2	0.16	3.04	3	19	5	40	20	0.25
2/21/2020	6802350	1505	31	3	0.1	2.9	3			40	20	0
2/22/2020	6803667	1317	18	2.9	0.04	2.86	3			40	20	0
2/23/2020	6805388	1721	24	2.6	0.09	2.51	3			40	20	0
2/24/2020	6808969	3581	45	2.9	0.12	2.78	3			40	20	0.75
2/25/2020	6812842	3873	40	3.1	0.08	3.02	3	20	5	0	20	0
2/26/2020	6816014	3172	35	3.2	0.1	3.1	3			40	20	0
2/27/2020	6817843	1829	25	3.2	0.18	3.02	3	19	5	0	20	0
2/28/2020	6819941	2098	40	3.9	0.12	3.78	3			40	20	0
2/29/2020	6821762	1821	30	4	0.04	3.96	3			0	20	0

Total Flow Gallons: 5,995,500

Daily Average (0.5 MGD): 206,741

Daily Peak Flow: 387,300

2/25/2020

Min. CL<sub>2</sub> 2.51

Max. CL<sub>2</sub> 3.96

Total CL<sub>2</sub>: 580

Total Daily Avg CL<sub>2</sub>: 20

2 Hour Peak in GPM (1389): 521

Total Rainfall: 1.00

Supervising Operator:

James Durgens

Supervisor Signature:

Supervisor License #:

WW0061603 (B)

Date:

Municipal Operations and Consulting, Inc.

312 Spring Hill Dr. #100

Spring, TX 77386

Phone: 281-367-5511

Fax: 281-367-5517

[View Certification](#) | [Download COR](#)

## DMR Copy of Submission

**Permit**  
**Permit ID:** TX0102385  
**Permittee:** ARCOLA, CITY OF  
**Facility:** CITY OF ARCOLA WWTP  
**Permitted Feature:** 001 - External Outfall  
**Report Dates & Status**  
**Monitoring Period:** From 02/01/20 to 02/29/20  
**Status:** NetDMR Validated

**Major:** 13222 HWY 6  
 ARCOLA, TX77583  
 5925 FM 521  
 ARCOLA, TX77583  
**Discharge:** 001-A - DOMESTIC FACILITY - 001  
**DMR Due Date:** 03/20/20

**Considerations for Form Completion**  
 INTERIN II PHASE EFFECTIVE NOVEMBER 11, 2019 AND LASTING THROUGH COMPLETION OF EXPANSION TO THE 0.95 MGD FACILITY.

**Principal Executive Officer**

**First Name:**  
**Title:**  
**Last Name:**  
**Telephone:**

**No Data Indicator (NODI)**

**Form NODI:**

Parameter Code	Name	NODI	Quantity or Loading		Quality or Concentration			# of Ex.	Freq. of Analysis	Smpl. Type
			Value 1	Value 2	Units	Value 1	Value 2	Value 3		
00300	Oxygen, dissolved [DO]	Smpl.				=8.02			01/07 - Weekly	GR - GRAB
1 - Effluent Gross										
00400	pH	Req.				>=4.0 MO MIN			01/07 - Weekly	GR - GRAB
1 - Effluent Gross						=7.4		=7.95	01/07 - Weekly	GR - GRAB



Code	Name	Value 1	Value 2	Units	Value 1	Value 2	Value 3	Units	of Ex.	Analysis	Type
Season: 0		Req.			>=6.0 MINIMUM		<=9.0 MAXIMUM	12 - SU		02/30 - Twice Per Month	GR - GRAB
NODI: -		NODI									
00530	Solids, total suspended	Smpl. <1.87		26 - lb/d			=1.89	19 - mg/L	0	01/07 - Weekly	CS - CORSAM
1 - Effluent Gross											
Season: 0		Req. <=84.0 DAILY AV		26 - lb/d			<=15.0 DAILY AV	19 - mg/L		01/07 - Weekly	CP - COMPOS
NODI: -		NODI									
00610	Nitrogen, ammonia total [as N]	Smpl. <0.0695		26 - lb/d			<0.05	19 - mg/L	0	01/07 - Weekly	CS - CORSAM
1 - Effluent Gross											
Season: 0		Req. <=17.0 DAILY AV		26 - lb/d			<=3.0 DAILY AV	19 - mg/L		01/07 - Weekly	CP - COMPOS
NODI: -		NODI									
50050	Flow, in conduit or thru treatment plant	Smpl. =0.206741	=0.3873	03 - MGD					0	99/99 - Continuous	TM - TOTALZ
1 - Effluent Gross											
Season: 0		Req. <=0.675 DAILY AV	Req Mon DAILY MX	03 - MGD						99/99 - Continuous	TM - TOTALZ
NODI: -		NODI									
50060	Chlorine, total residual	Smpl.			=2.51		=3.96	19 - mg/L	0	01/01 - Daily	GR - GRAB
1 - Effluent Gross											
Season: 0		Req.			>=1.0 MO MIN		<=4.0 MO MAX	19 - mg/L		01/01 - Daily	GR - GRAB
NODI: -		NODI									
X 51040	E. coli	Smpl.					<1.0	30 - MPN/100mL	0	02/30 - Twice Per Month	GR - GRAB
1 - Effluent Gross											
Season: 0		Req.					<=126.0 DAILY AV	32 - CFU/100mL		02/30 - Twice Per Month	GR - GRAB
NODI: -		NODI									
70295	Solids, total dissolved	Smpl. =1184.71		26 - lb/d			=882.0	19 - mg/L	0	01/07 - Weekly	CS - CORSAM
1 - Effluent Gross											

Code	Name	Value 1	Value 2	Units	Value 1	Value 2	Units	Value 3	Units	of Ex.	Analysis	Type
Season: 0		Req. Req Mon DAILY AV		26 - lb/d				Req Mon DAILY AV	19 - mg/L		01/07 - Weekly	CP - COMPOS
NODI: -		NODI										
80082	BOD, carbonaceous [5 day, 20 C]	Smpl. =4.74		26 - lb/d				=3.36	19 - mg/L	0	01/07 - Weekly	CS - CORSAM
1 - Effluent Gross												
Season: 0		Req. <=56.0 DAILY AV		26 - lb/d				<=25.0 DAILY MX	19 - mg/L		01/07 - Weekly	CP - COMPOS
NODI: -		NODI										

#### Submission Note

If a parameter row does not contain any values for the Sample nor Effluent Trading, then none of the following fields will be submitted for that row: Units, Number of Excursions, Frequency of Analysis, and Sample Type.

#### Edit Check Errors

Parameter Code	Name	Monitoring Location	Field	Type	Description	Acknowledge
51040	E. coli	1 - Effluent Gross	Units	Soft	The selected units do not match the units specified by the permit for this parameter. (Error Code: 3 )	

#### Comments

#### Attachments

No attachments.

#### Report Last Saved By

ARCOLA, CITY OF

User: jtmontgomery  
Name: John Montgomery  
E-Mail: jtmontgomery@municipalops.com  
Date/Time: 2020-03-18 11:30 (Time Zone: -05:00)

#### Report Last Signed By

User: jtmontgomery  
Name: John Montgomery  
E-Mail: jtmontgomery@municipalops.com  
Date/Time: 2020-03-18 11:30 (Time Zone: -05:00)



27316 Spectrum Way  
Oak Ridge, TX 77385  
Phone: (281) 367-5511  
Fax: (281) 367-5517

1825 N Mason Rd  
Katy, TX 77449  
Phone: (281) 347-8686

City of Arcola  
Bookkeeper Invoice Log (SP)

March 2020

Invoice Date	Invoice #	Vendor	Service/Mdse.	Invoice Total
2/28/2020	219845	NAPCO	Chemicals	\$ 2,652.00
2/29/2020	204461	BMI	Sludge Haul	\$ 4,290.00
3/3/2020	25664	STP Services	Repairs and Maintenance	\$ 725.00
3/5/2020	2001446	NWDLS	Lab Fees	\$ 935.00
1-Apr		Municipal Operations & Consulting, Inc.	Wastewater Plant Operations	\$ 4,892.73

# Invoice



**NAPCO**  
CHEMICAL COMPANY  
Customized Water Treatment Solutions

PO Box 1239  
Spring, TX 77383  
Phone: (281) 651-6800

Invoice No.	219845
Customer No.	002788

## Bill To

Municipal Operations & Consulting, Inc  
P.O. Box 1689  
Spring, TX 77383-1689

## Ship To

City of Arcola STP  
5921 FM 521  
MOC  
Arcola, TX 77583

Invoice Date	Order Date	SO Number	Order By	Customer PO Number	Payment Method	
2/28/2020	2/27/2020		Jud	37232	Net 30	
Ship Via		F.O.B.		Salesperson		
				JPR		
Ship Qty	Item Number - Description				Unit Price	Extend Price
2,040.000	NAP-BLEACH-BULK UOM: GAL				1.3000	2,652.00
0	Hypochlorite solutions (Sodium Hypochlorite) - bulk					
	Remarks: Napco Bleach 12.5%					
	Class 8 UN1791 PKG III, RQ, Corrosive DOT-E 12412 (NAPCO 12.5% Bleach)					
	Certified to NSF ANSI Std. 60 MUL 70 mg/L					
	Lot #- 2020-0435 Del: 02/28/20					



**RECEIVED**  
MAR 03 2020

BY: .....

Print Date	02/28/20
Print Time	01:05 PM
Page No.	1
Printed by:	Administrator

Total Paid	0.00
Previous Balance	3120.00
Due Date	03/29/20

Subtotal	2652.00
Invoice Total	2652.00



BMI - Biosolids Management  
a division of K-3 Resources, LP  
P.O. Box 2236  
Alvin, TX 77512

# Invoice

DATE	INVOICE NO.
2/29/2020	204461

(281) 585-2817

BILL TO
Municipal Operations & Consulting City of Arcola P.O. Box 1689 Spring, TX 77383-1689

SEND PAYMENT TO
K-3 Resources, LP P.O. Box 2236 Alvin, Texas 77512

P.O. NO.	TERMS	PLANT
	Net 30	ARCOLA

Date	Manifest	Description	QTY/HRS	Rate	Amount
2/17/2020	241285	Liquid Haul	6,500	0.055	357.50
	241286	Liquid Haul	6,500	0.055	357.50
	244212	Liquid Haul	6,500	0.055	357.50
	244213	Liquid Haul	6,500	0.055	357.50
	244409	Liquid Haul	6,500	0.055	357.50
	244410	Liquid Haul	6,500	0.055	357.50
	244411	Liquid Haul	6,500	0.055	357.50
	244412	Liquid Haul	6,500	0.055	357.50
	244531	Liquid Haul	6,500	0.055	357.50
	244532	Liquid Haul	6,500	0.055	357.50
	244533	Liquid Haul	6,500	0.055	357.50
	244534	Liquid Haul	6,500	0.055	357.50
			<div>RECEIVED</div> <div>MAR 13 2020</div>		
			<div>RECEIVED</div> <div>MAR 13 2020</div>		
Total					\$4,290.00

**STP Services**  
P.O. Box 24724  
Houston, TX 77229  
(713) 672-1447  
STPServices@aol.com  
TECL 19674

# Invoice

Date	03/03/20
Invoice No.	25664
P.O.	36672
Location	STP

**Bill To**

Arcola  
C/O Municipal Operations & Con  
27316 Sprectrum Way  
Oak Ridge, TX 77385

Description	Quantity	Price	Amount
Job done 2/26/20			
Check phase fail call out problem, replace bad phase monitor		375.00	375.00
Labor		350.00	350.00
<b>RECEIVED</b> MAR 11 2020			

Regulated by the Texas Department of Licensing and Regulation  
P.O. Box 12157  
Austin, TX 78711  
Phone Number 1-800-803-9202, (512) 463-6599

<b>Total</b>	<b>\$725.00</b>
--------------	-----------------



North Water District Laboratory Services, Inc.  
130 South Trade Center Parkway  
Conroe, TX 77385

## INVOICE

Date	Invoice No.
03/05/2020	2001446-Municipal Operations and Consulting

PO Number:

Terms: 30.00

Remit Due Date: 04/06/2020

Page: Page 1 of 1

**Invoice To:** Accounts Payable  
Municipal Operations and Consulting  
27316 Spectrum Way  
Oak Ridge, TX 77385

**Samples Received from: 02/03/2020 through 02/28/2020**

**Project:** City of Arcola - Non Potable - Weekly Thurs, City of Arcola - Non Potable - Bi Monthly 1, City of Arcola - Non Potable - Ecoli Only, City of Arcola - Non Potable - Weekly - Fri, City of Arcola - Non Potable - Bi Monthly 2, City of Arcola - Fees

**Project Manager:** Monica O. Martin, Deena Higginbotham

**Project Number:** 387

**Work Order(s):** 20B0538, 20B0539, 20B0540, 20B0541, 20B1585, 20B2259, 20B2260, 20B3012, 20B3740, 20B3741, 20B4024

Analysis/Description	Matrix	Qty	Unit Cost	Extended Cost
CBOD-5210	Aqueous	4	\$22.50	\$90.00
DMR Flows	Aqueous	4	\$0.00	\$0.00
DO Field	Aqueous	4	\$10.00	\$40.00
MLSS-2540	Aqueous	2	\$20.00	\$40.00
NELAP Admin Fee	Aqueous	1	\$10.00	\$10.00
netDMR EDD Upload and Final Report	Aqueous	1	\$25.00	\$25.00
NH3-N SEAL-350.1	Aqueous	4	\$20.00	\$80.00
pH Field	Aqueous	4	\$10.00	\$40.00
RBOD-5210	Aqueous	4	\$22.50	\$90.00
RNH3-N SEAL-350.1	Aqueous	4	\$20.00	\$80.00
RTSS-2540	Aqueous	4	\$20.00	\$80.00
TC EC-9223	Aqueous	2	\$50.00	\$100.00
TDS-160.1	Aqueous	4	\$20.00	\$80.00
TSS-2540	Aqueous	4	\$20.00	\$80.00
VSS-160.4	Aqueous	2	\$20.00	\$40.00
Weekday Collection	Aqueous	4	\$15.00	\$60.00

RECEIVED

MAR 06 2020

**Invoice Total: \$935.00**

**Remit To:** Accounts Receivable  
North Water District Laboratory Services, Inc.  
130 South Trade Center Parkway  
Conroe, TX 77385  
Tel: 936 321 6060

Thank you for being our customer! Don't forget, NWDLS is accredited to do bio-monitoring.

[illegible]



Date	Service Location	Work Description	Material/Labor Cost				Job Total
			Labor/Equip	Qty	Rate	Amount	
02/05	5925 FM 521	Cleaned and pulled rags from air basin.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 169.00
			Supervisor	2.0	\$ 40.00	\$ 80.00	
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
02/05	5925 FM 521	Responded to call out for power failure; facility normal upon arrival, reset dialer.	Foreman-OT	1.0	\$ 52.50	\$ 52.50	\$ 70.50
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/06	5925 FM 521	Swept out office and picked up trash around facility.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/06	5925 FM 521	Repaired leak on water line for clarifier. Replaced ball valve on clarifier.	Foreman	3.5	\$ 35.00	\$ 122.50	\$ 185.50
			Utility Truck	3.5	\$ 18.00	\$ 63.00	
02/06	5925 FM 521	Cleaned contact chamber.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/06	5925 FM 521	Pulled sample from the influent of the plant.	Foreman	1.5	\$ 35.00	\$ 52.50	\$ 166.50
			Supervisor	1.5	\$ 40.00	\$ 60.00	
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
02/06	5925 FM 521	Cleaned stilling well.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/06	5925 FM 521	Contacted contractor to repair phase monitor.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
02/06	5925 FM 521	Performed maintenance on sprayer on the clarifier.	Supervisor	3.0	\$ 40.00	\$ 120.00	\$ 174.00
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
02/07	5925 FM 521	Swept and cleaned all buildings.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
02/10	5925 FM 521	Swept out office and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	

Date	Service Location	Work Description	Material/Labor Cost				Job Total
			Labor/Equip	Qty	Rate	Amount	
02/10	5925 FM 521	Cleaned clarifier.	Foreman	2.0	\$ 35.00	\$ 70.00	\$ 106.00
			Utility Truck	2.0	\$ 18.00	\$ 36.00	
02/10	5925 FM 521	Cleaned contact chamber.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/11	5925 FM 521	Swept building and picked up trash.	Foreman	1.5	\$ 52.50	\$ 78.75	\$ 105.75
			Utility Truck	1.5	\$ 18.00	\$ 27.00	
02/11	5925 FM 521	Checked blower filters.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/11	5925 FM 521	Responded to call out for power failure; facility normal upon arrival, reset dialer.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/11	5925 FM 521	Swept out office and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/11	5925 FM 521	Cleaned and pulled rags from air basin.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 169.00
			Supervisor	2.0	\$ 40.00	\$ 80.00	
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
02/12	5925 FM 521	Checked blowers filters and greased pump.	Foreman	1.5	\$ 35.00	\$ 52.50	\$ 166.50
			Supervisor	1.5	\$ 40.00	\$ 60.00	
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
02/13	5925 FM 521	Pulled sample from the influent of the plant.	Foreman	3.5	\$ 35.00	\$ 122.50	\$ 185.50
			Utility Truck	3.5	\$ 18.00	\$ 63.00	
02/14	5925 FM 521	Cleaned contact chamber.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/14	5925 FM 521	Swept building and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/17	5925 FM 521	Cleaned chlorine contact chamber.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	

Date	Service Location	Work Description	Material/Labor Cost				Job Total
			Labor/Equip	Qty	Rate	Amount	
02/17	5925 FM 521	Swept out office and picked up trash around facility.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
02/18	5925 FM 521	Cleaned clarifier.	Foreman	2.5	\$ 35.00	\$ 87.50	\$ 132.50
			Utility Truck	2.5	\$ 18.00	\$ 45.00	
02/18	5925 FM 521	Oiled blowers.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/19	5925 FM 521	Pulled rags from aeration basin.	Foreman	2.0	\$ 35.00	\$ 70.00	\$ 106.00
			Utility Truck	2.0	\$ 18.00	\$ 36.00	
02/19	5925 FM 521	Met with contractor at sewer plant regarding repairs on new blower.	Foreman	2.5	\$ 35.00	\$ 87.50	\$ 393.50
			Supervisor	4.5	\$ 40.00	\$ 180.00	
			Utility Truck	7.0	\$ 18.00	\$ 126.00	
02/20	5925 FM 521	Cleaned and pulled rags from air basin.	Foreman	2.0	\$ 35.00	\$ 70.00	\$ 146.00
			Supervisor	1.0	\$ 40.00	\$ 40.00	
			Utility Truck	2.0	\$ 18.00	\$ 36.00	
02/20	5925 FM 521	Checked manholes hoses and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/20	5925 FM 521	Swept buildings and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/20	5925 FM 521	Pulled sample from the influent of the plant.	Foreman	3.5	\$ 35.00	\$ 122.50	\$ 185.50
			Utility Truck	3.5	\$ 18.00	\$ 63.00	
02/21	5925 FM 521	Ordered materials for facility maintenance; adapter, hose bibb, valve, and nipple.	Supervisor-OT	0.5	\$ 60.00	\$ 30.00	\$ 69.57
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
			Materials			\$ 30.57	
02/25	5925 FM 521	Responded to call out for power failure; facility normal upon arrival, reset dialer.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	



Date	Service Location	Work Description	Material/Labor Cost				Job Total
			Labor/Equip	Qty	Rate	Amount	
02/25	5925 FM 521	Scheduled chemical delivery; bleach.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
02/25	5925 FM 521	Contacted contractor to repair blower.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
02/25	5925 FM 521	Cleaned contact chamber.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/26	5925 FM 521	Cleaned and pulled rags from air basin.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 113.50
			Supervisor	1.5	\$ 40.00	\$ 60.00	
			Utility Truck	2.0	\$ 18.00	\$ 36.00	
02/27	5925 FM 521	Checked manhole hoses.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/27	5925 FM 521	Pulled sample from the influent of the plant.	Foreman	1.5	\$ 35.00	\$ 52.50	\$ 224.50
			Supervisor	2.5	\$ 40.00	\$ 100.00	
			Utility Truck	4.0	\$ 18.00	\$ 72.00	
02/27	5925 FM 521	Swept building and picked up trash.	Foreman	1.0	\$ 35.00	\$ 35.00	\$ 53.00
			Utility Truck	1.0	\$ 18.00	\$ 18.00	
02/28	5925 FM 521	Cleaned stilling well.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	
03/03	5925 FM 521	Replaced plugs on blower.	Foreman	3.0	\$ 35.00	\$ 105.00	\$ 162.55
			Utility Truck	3.0	\$ 18.00	\$ 54.00	
			Materials			\$ 3.55	
03/03	5925 FM 521	Replaced plug on blower #3.	Foreman	1.5	\$ 35.00	\$ 52.50	\$ 86.86
			Utility Truck	1.5	\$ 18.00	\$ 27.00	
			Materials			\$ 7.36	
03/03	5925 FM 521	Responded to call out for power failure; facility normal upon arrival, reset dialer.	Foreman	0.5	\$ 35.00	\$ 17.50	\$ 26.50
			Utility Truck	0.5	\$ 18.00	\$ 9.00	





## **Open Meetings Act Basic Training**

William (Bill) Hill  
Assistant Attorney General  
Opinions

1



## **Background**

What is the purpose of the  
Open Meetings Act?

2



## Safeguard the Public Interest

"The Act is intended to safeguard the public's interest in knowing the workings of its governmental bodies. A public body's willingness to comply with the Open Meetings Act should be such that the citizens of Texas will not be compelled to resort to the courts to assure that a public body has complied with its statutory duty."

*Cox Enterprises, Inc. v. Board of Trustees of Austin Indep. Sch. Dist.*, 706 S.W.2d 956, 960 (Tex. 1986).

3



## Presumption of Openness

The provisions of the Open Meetings Act "should be liberally construed to effect its purpose."

*Finlan v. City of Dallas*, 888 F. Supp. 779, 782 (N.D. Tex. 1995).

4



## Applicability of the Open Meetings Act

Which governmental bodies are subject to the Open Meetings Act?

5



## State Entities Subject to the Act

- ▶ A board, commission, department, committee, or agency within the executive or legislative branch of state government that is directed by one or more elected or appointed members
- ▶ Examples:
  - Texas Water Development Board
  - Texas Commission on Environmental Quality
  - Texas Department of Transportation

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## Political Subdivisions Subject to the Act

- ▶ County commissioners courts
- ▶ Municipal governing bodies
- ▶ Deliberative bodies with rulemaking authority or quasi-judicial power that are classified as departments, agencies, or political subdivisions of a county or a municipality
- ▶ School district boards of trustees
- ▶ Governing boards of special districts created by law

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## Other Entities Subject to the Act

- ▶ Local workforce development boards
- ▶ Nonprofits eligible to receive federal funds under the federal community services block grant program
- ▶ Certain property owners' associations in Harris County and the adjacent counties
- ▶ Entities made subject to the Act by their enabling legislation or their own rules or ordinances

8



## When does the Act apply?

"Every regular, special, or called meeting of a governmental body shall be open to the public, except as provided by this chapter."

Tex. Gov't Code § 551.002.

9



## Meeting Defined

- ▶ A quorum of members exchanges information about public business or public policy over which the body has supervision or control.
- ▶ The governmental body calls a gathering of a quorum of members to receive or give information to or from a third person about public business or public policy over which the governmental body has supervision or control.

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## Quorum

- ▶ A majority of a governmental body, unless defined differently by applicable law or rule or the charter of the governmental body

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## Requirements of the Act

How does the Act protect the public's interest in knowing the workings of its governing bodies?

12



## How the Act Furthers Openness

- ▶ Notice of Meetings
- ▶ Procedures to ensure openness during open meetings
- ▶ Procedures to ensure closed meetings are limited to the authorized discussions
- ▶ Broadcasting requirements
- ▶ Record keeping requirements

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## Notice of Meetings

A governmental body shall give written notice of the date, hour, place, and subject of each meeting held by the governmental body.

Tex. Gov't Code § 551.041.

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## Example Notice



BRAZOS COUNTY  
BRYAN, TEXAS

NOTICE OF MEETING AND AGENDA

BRAZOS COUNTY COMMISSIONERS COURT

THE COMMISSIONERS COURT OF BRAZOS COUNTY WILL MEET IN REGULAR SESSION ON SEPTEMBER 24, 2019 AT 10:00 AM IN THE COMMISSIONERS COURTROOM OF THE COUNTY ADMINISTRATION BUILDING, 200 SOUTH TEXAS AVE., SUITE 106, BRYAN, TX 77803

1. Invocation and Pledge of Allegiance  
- U.S. and Texas Flag - Judge Peters
2. Call for Citizen input and/or concerns
- Consider and take action on agenda items 3-37:
3. Proclamation 19-020 declaring October 2019 as National Domestic Violence Awareness Month
4. Resolution 19-020 approving the FY 2020 Budget of the Brazos County Emergency Communications District, and providing an effective date.
5. Designation of the day of the week and location for Commissioners Court to convene into Regular Session each week during FY 2020.
6. Proposed county holidays for the 2020 calendar year.
7. Appointment of Arthur J. Gallopin & Co., Inc. as exclusive insurance broker with respect to Professional Medical Liability Insurance Programs for employees associated with the Health and Wellness Clinic.
8. Approval of the Following Job Descriptions FY 19:
  - a. Item Clerk (Class Code 1719) Position 11 for District Clerk
  - b. Deputy Constable (Class Code 1017) Constable Precinct 2
  - c. Constable (Class Code 1018) Constable Precinct 2
  - d. Constable (Class Code 1019) Constable Precinct 2
  - e. Administrative Assistant (Class Code 1020) for Constable Precinct 2
9. Approval of the Following Job Descriptions FY 20:
  - a. Administrative Specialist (Class Code 0223) for County Auditor
  - b. Assistant District Attorney (Class Code 410) for District Attorney
  - c. Audio Visual Specialist (Class Code 1235) for Information Technology
  - d. Court Reporter (Class Code 2017) for 8th District Court
  - e. Crime Analyst (Class Code 1410) for Sheriff's Office
  - f. Social Programs Administrator (Class Code 0241) for County Auditor
  - g. Scanner Clerk (Class Code 8100) for Records Management
  - h. Show Foreman (Class Code 2000) for First Services
10. Acceptance of donated or unclaimed property left by inmates leaving the Brazos County Jail.

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## Providing Information on the Subject

- ▶ Notice must apprise the general public of subjects the governmental body will consider at a meeting.
- ▶ If uncertain, err on the side of providing more detail.
- ▶ Example:

City Council	COUNCIL AGENDA	August 28, 2019
51. 19-706	<p>Authorize a five-year master agreement for solar powered school flasher assemblies, solar powered 24-hour warning flasher assemblies, solar powered radar feedback signs, and solar powered rectangular rapid flashing beacons for the Department of Transportation - J. Q. &amp; G., Inc. Company dba OB Traffic in an estimated amount of \$528,589.87, Traffic Logix Corporation in an estimated amount of \$162,875.00, Consolidated Traffic Control, Inc. in an estimated amount of \$162,700.00, K &amp; K Systems, Inc. in an estimated amount of \$117,985.00, and Iteris Inc. in an estimated amount of \$111,220.00, lowest responsible bidders of seven - Estimated total amount of \$1,083,369.87 - Financing: General Fund</p>	

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## Timing of Posting

- ▶ Most governmental bodies with statewide jurisdiction must post notice at least seven days before the date of the meeting.
- ▶ Political subdivisions must post at least 72 hours before the scheduled time of the meeting.
- ▶ All governmental bodies must post notice at least 1 hour before a meeting to address an emergency.

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## Best Practice: Certify Time of Posting

- XI. Discuss Resolution for rewarding Engineering, Bond Counsel and Financial Advisor services for Water/Wastewater Projects in the City of Rosebud.
- XII. Future Agenda Items
- XIII. Adjourn

I certify that the agenda was posted at 202 S. College on September 13, 2019 at 5:00 P.M.

by Mary Quaes  
Mary Quaes, City Secretary

Witnessed by Keith Whitfield  
Keith Whitfield, City Administrator



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## Location of Notice – State Entities

- ▶ A state governmental body shall provide notice of each meeting to the Secretary of State, who shall post notice on the Internet.
- ▶ Search meeting agendas of state governmental bodies:  
[https://texreg.sos.state.tx.us/public/pubomquery\\$.startup](https://texreg.sos.state.tx.us/public/pubomquery$.startup)
- ▶ Example:

Agency Name:	Texas Commission on Environmental Quality
Date of Meeting:	10/09/2019
Time of Meeting:	09:30 AM (Local Time)
Board:	Texas Commission on Environmental Quality
Status:	Accepted
Street Location:	12100 Park 35 Circle, Building E, Room 201S
City Location:	Austin

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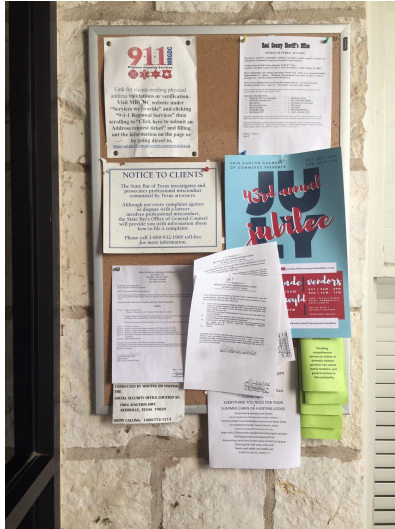
## Location of Notice – Political Subdivisions

- ▶ Counties – on a bulletin board at a place convenient to the public in the county courthouse
- ▶ Municipal governmental bodies – on a bulletin board at a place convenient to the public in city hall
- ▶ School districts – on a bulletin board at a place convenient to the public in the central administrative office of the district
- ▶ Special districts extending into fewer than 4 counties – (1) at a place convenient to the public in the administrative office of the district, and (2) either on a bulletin board at the courthouse of each county in the district or on the district's website

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## Best Practice: Protect Your Notice



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## Location of Notice – Internet Posting

- ▶ Some entities must post notice on the Internet if they maintain a website or have populations over a certain size:
  - Municipalities
  - Counties
  - School districts
  - Junior College Districts
  - Economic development corporations
  - Regional mobility authorities

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## Logistical Requirements for Open Meetings

- ▶ Hold the meeting in a location accessible to the public
  - In or near the boundaries of the governmental body
  - Without special access requirements that may prevent entry for the public
- ▶ Provide space for the public so that they may attend the meeting
- ▶ Provide reasonable visual or audio accommodations if requested in advance of the meeting

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## Public Comment

- ▶ State entities may, but are not required to, provide for public comment during their meetings.
- ▶ Political subdivisions must allow members of the public interested in speaking on an item on the agenda to do so before or during the governmental body's discussion of that item.
  - May create reasonable rules
  - May not discriminate based on the position taken
  - May not prohibit criticism of the governmental body

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## Broadcasting Meetings

- ▶ All governmental bodies may broadcast their open meetings over the Internet.
- ▶ The governing boards of general academic teaching institutions, university systems, and junior college districts must broadcast their meetings over the Internet.

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## Recordkeeping for Open Meetings

- ▶ Governmental bodies must prepare and keep minutes or make a recording of each open meeting.
- ▶ If keeping minutes, the minutes must state the subject of each deliberation and indicate each vote, order, decision, or other action taken.
- ▶ The minutes and recordings are public records and must be available for public inspection.

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## Example Minutes

### MINUTES RAILROAD COMMISSION OF TEXAS FORMAL COMMISSION ACTIONS

August 20, 2019

After providing notice as required by the Texas Open Meetings Act, the Railroad Commission of Texas held an open meeting at the William B. Travis Building, 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on Tuesday, August 20, 2019 commencing at 9:31 a.m. Chairman Wayne Christian, Commissioner Christi Craddick and Commissioner Ryan Sitton were present. Chairman Christian presided.

#### HEARINGS DIVISION

##### SURFACE MINING AND RECLAMATION

1. SMRD C19-0021-SC-26-E: Application by Texas Municipal Power Agency for acceptance of replacement collateral bond and amendment to letter of credit for reclamation of Permit No. 26D, Gibbons Creek Lignite Mine, Grimes County, Texas.  
The Commission unanimously approved the Examiner's recommendation.
2. SMRD C19-0022-SC-38-E: Application by Texas Municipal Power Agency for acceptance of replacement collateral bond and amendment to letter of credit for reclamation of Permit No. 38D, Gibbons Creek Lignite Mine V, Grimes County, Texas.  
The Commission unanimously approved the Examiner's recommendation.

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## Members of the Public May Record

- ▶ A person in attendance at an open meeting may record all or any part of the meeting.
- ▶ A governmental body may adopt reasonable rules to maintain order at the meeting as long as the rules do not unreasonably impair a person from recording.

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## Required Training on the Act

- ▶ Each elected or appointed public official who is a member of a governmental body must complete training on the requirements of the Act within 90 days of taking office.
- ▶ The governmental body shall maintain and make available for public inspection the record of its members' completion of the training.

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## Voidability

- ▶ An action taken by a governmental body in violation of this chapter is voidable.
- ▶ An interested person, including a member of the news media, may bring an action by mandamus or injunction to stop, prevent, or reverse a violation or threatened violation of the Act.
- ▶ A court may assess costs and attorney fees to the prevailing party.

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## Exceptions to the General Rules

- ▶ Closed Meetings
- ▶ Social Gatherings
- ▶ Emergencies
- ▶ Online Message Boards
- ▶ Teleconferencing and Videoconferencing

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## Closed Meetings or Executive Sessions

- ▶ The Act specifies instances when governmental bodies may conduct closed meetings without allowing public access, including, among others:
  - Consultations with an attorney about pending or contemplated litigation
  - Deliberations regarding the purchase of real property if deliberation in an open meeting would compromise negotiations
  - Deliberation about personnel matters related to a specific employee if the employee does not request a public hearing

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## Procedures for Closed Meetings

- ▶ Notice requirements still apply.
- ▶ The governmental body must first convene in open session before going into closed session.
- ▶ The governmental body must identify the specific legal provision allowing for the closed session.
- ▶ The subject of discussions in closed meeting must be limited to what the Act authorizes.
- ▶ No final action or vote may be taken in a closed meeting.

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## Criminal Penalties for Unauthorized Closed Meetings

- ▶ A member of a governmental body commits an offense if a closed meeting is not permitted under the Act and the member knowingly participates in the closed meeting.
- ▶ The offense is a misdemeanor punishable by a fine of between \$100-\$500, confinement in county jail for between 1-6 months, or both.

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## Closed Meeting Recordkeeping

- ▶ A governmental body shall either keep a certified agenda or make a recording of proceedings of each closed meeting, except for attorney consultations under section 551.071.
- ▶ If keeping a certified agenda, it must include:
  - A statement of the subject of each deliberation
  - A record of any further action taken
  - An announcement by the presiding officer at the beginning and end of the closed session indicating the date and time
  - Certification by the presiding officer that an agenda kept under subsection (a) is a true and correct record of the proceedings

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## Criminal Penalties for Failure to Keep a Certified Agenda or Recording

- ▶ It is a class C misdemeanor to participate in a closed meeting knowing that a certified agenda or recording of the closed meeting is not being made.

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## Preserving the Certified Agenda

- ▶ A governmental body must maintain the certified agenda or recording of a closed meeting for at least two years from the date of the meeting.
- ▶ If Open Meetings Act litigation arises, the court is entitled to make an in camera inspection of the certified agenda or recording.
- ▶ The certified agenda or recording is only available for public inspection if ordered by a court.

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## Criminal Penalties for Disclosing a Certified Agenda or Recording

- ▶ It is a class B misdemeanor to disclose a certified agenda or recording to a member of the public without a court order.
- ▶ The disclosing person can be liable to a person injured or damaged by the disclosure for actual damages, attorney fees, and exemplary damages.

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## Social Gatherings

- ▶ As long as no formal action is taken and any discussion of public business is incidental to the event, a governmental body does not “meet” when a quorum gathers at a:
  - social function
  - regional, state, or national convention or workshop
  - ceremonial event
  - press conference
  - candidate forum, appearance, or debate to inform the electorate

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## Emergency Situations

- ▶ An emergency or urgent public necessity exists only if immediate action is required of a governmental body because of:
  - an imminent threat to public health and safety, or
  - a reasonably unforeseeable situation
- ▶ Examples of a reasonably unforeseeable situation include:
  - fire, flood, earthquake, hurricane, tornado, or storm
  - power failure, transportation failure, or interruption of communication facilities
  - epidemic
  - riot, civil disturbance, enemy attack, or other actual or threatened act of lawlessness or violence

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## Addressing Emergencies

- ▶ The Act generally still applies during emergencies, but the timing required for notice of a meeting to address an emergency is shortened.
- ▶ Notice must be posted at least one hour before the meeting is convened.
- ▶ The discussion and action on the matter must be directly related to responding to the emergency.
- ▶ The governmental body must clearly identify the emergency in the notice.
- ▶ The meeting can occur by teleconference if convening a quorum of the governmental body is difficult. The public must still be able to attend at the normal meeting location.

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## Sample Emergency Notice

Emergency Meeting Notice  
Tejas City Council  
December 29, 2020

An emergency meeting of the City Council of Tejas will be held on December 29, 2020, beginning at 3:00 p.m. in Council Chambers at City Hall, 4220 Main St., Tejas, Texas 76543.

An emergency or urgent public necessity exists that requires immediate action of the Council. The wind damage and flooding resulting from Hurricane Huey has caused significant damage to city infrastructure and emotional and physical distress to city residents, requiring an immediate response.

The subjects to be discussed include: . . . .

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## Online Message Boards

- ▶ The Act allows written communications or exchanges of information between members of a governmental body if the writing is posted to an online message board, viewable and searchable by the public.
- ▶ The message board must be prominently displayed on the home page of the governmental body's website.
- ▶ The communication must be displayed in real time and displayed for at least 30 days.
- ▶ Communications must be archived for 6 years.
- ▶ No vote or final action may be taken on the message board.

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## Example

### Our Ongoing Water Crisis - Request for Co-sponsorship

Post Reply | Search this topic...

9 posts • Page 1 of 1

#### Our Ongoing Water Crisis - Request for Co-sponsorship

by Ellen Troscialo • Thu Oct 25, 2018 5:31 pm

Colleagues,

As our community finds itself in the midst of a declared disaster with respect to the state of our public water utility, I would first like to thank the people of Austin for remaining calm and understanding throughout these past four days, and for making the necessary sacrifices to conserve water and helping to get us back on track to normalcy; our Austin Water staff who've been working around the clock on to get clean drinking water back to our residents and businesses; our City Manager for his handling of this unprecedented water service disruption, as well as all of our Emergency Operations Command partners.

While it is essential that we first get through this crisis, looking forward, I believe that the public deserves and would greatly benefit from an open dialogue with City and Water Management, examining what led to our present situation, what went right, what went wrong, and what we can do to be better prepared in the future. It's important that we, as Austin's elected officials, demonstrate leadership in working toward ensuring we never find ourselves in this situation again.

Below is also a resolution for which I'm seeking your during our next Council meeting on November 1st, assuming that we have resumed normal operations by that time. I would be grateful for any co-sponsors who wish to support this measure as an addendum to our upcoming Council meeting agenda:

<http://assets.austintexas.gov/austincou...73037.docx>

Ellen Troscialo  
Council Member District 8

#### Re: Our Ongoing Water Crisis - Request for Co-sponsorship

by Allison Alter • Thu Oct 25, 2018 5:53 pm

Good afternoon Council Member Troscialo,

Thank you for drafting this resolution. I would be happy to co-sponsor. I also would like to thank our staff and city manager for their work to restore our water supply, and our residents for their adaptability and patience during this time. I am hopeful that conditions will continue to improve and the boil water notice will be lifted in a matter of days.

Regards,  
Allison Alter

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Ellen Troscialo

Posts: 40

Joined: Tue Jan 13, 2015 2:26 pm

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Allison Alter

Posts: 72

Joined: Fri Jan 13, 2017 4:52 pm

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## Teleconferencing

- ▶ A governmental body may use a telephone conference call to conduct a meeting:
  - in consultation with its attorney
  - to address an emergency situation if convening a quorum in one location is difficult
- ▶ Each part of the open meeting must be audible to the public at the location specified in the notice of the meeting

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## Videoconferencing

- ▶ Governmental bodies may use videoconferencing to ensure members can attend the meetings.
- ▶ The requirements for a quorum present at the physical meeting location vary depending on the type of governmental body.
- ▶ Technological requirements exist to ensure members of the public can observe the full discussions occurring by videoconference.

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## Attempts to Avoid the Act's Requirements

- ▶ A member of a governmental body commits an offense if the member:
  - knowingly engages in at least one communication among a series of communications that each occur outside of a meeting authorized by the Act and that concern an issue within the jurisdiction of the governmental body in which the members engaging in the individual communications constitute fewer than a quorum but the members engaging in the series of communications constitute a quorum of members; and
  - knew at the time the member engaged in the communication that the series of communications:
    - involved or would involve a quorum; and
    - would constitute a deliberation once a quorum of members engaged in the series of communications

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## Communications by Email

- ▶ Deliberation can occur as either a written or oral exchange between members of a governmental body.
- ▶ A series of emails involving a quorum of a governmental body discussing an issue within the jurisdiction of the governmental body could constitute a deliberation and an unauthorized meeting for purposes of the Act.

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## CERTIFICATE of COURSE COMPLETION

### Open Meetings Act

I, **William Hill**, certify that I have completed a course of training on the Texas Open Meetings Act that satisfies the legal requirements of Government Code, Section 551.005.


Certificate is issued effective this 19th day of February, 2020.



NOTICE TO CERTIFICATE HOLDER: You are responsible for the safekeeping of this document as evidence that you have completed this open government training course. The Office of the Attorney General does not maintain a record of course completion for you and is unable to issue duplicate certificates. Government Code Section 551.005(c) requires the governmental body with which you serve to maintain this Certificate of Course Completion and make it available for public inspection.

Certificate No.: 20-2815284

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## How to Obtain the Training Certificate

- ▶ [https://www2.texasattorneygeneral.gov/forms/openrec/og\\_certificates.php](https://www2.texasattorneygeneral.gov/forms/openrec/og_certificates.php)
- ▶ Enter the following information:
 

Have you viewed one of the Open Government Training videos or attended the OAG's Open Government Conference?  
☒ Yes | ☐ No

Please enter the Access Code:

Date of Training:  
 Month:  Day:  Year:
- ▶ Click next, enter your name as you would like it to appear on your certificate, and click submit.
- ▶ Generate and print your certificate.

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## Questions?

### Open Government Hotline

(512) 478-6736  
Toll Free: (877) 673-6839

# CERTIFICATE of COURSE COMPLETION

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## Open Meetings Act

I, **Paul Hamilton**, certify that I have completed a course of training on the Texas Open Meetings Act that satisfies the legal requirements of Government Code, Section 551.005.

Certificate is issued effective this 23rd day of February, 2020.



*NOTICE TO CERTIFICATE HOLDER: You are responsible for the safekeeping of this document as evidence that you have completed this open government training course. The Office of the Attorney General does not maintain a record of course completion for you and is unable to issue duplicate certificates. Government Code Section 551.005(c) requires the governmental body with which you serve to maintain this Certificate of Course Completion and make it available for public inspection.*

Certificate No.: 20-281759M



# Roberts Rules of Order – Simplified

## Guiding Principle:

Everyone has the right to participate in discussion if they wish, before anyone may speak a second time.

Everyone has the right to know what is going on at all times.

Only urgent matters may interrupt a speaker.

Only one thing (motion) can be discussed at a time.

A **motion** is the topic under discussion (e.g., “I move that we add a coffee break to this meeting”). After being recognized by the president of the board, any member can introduce a motion when no other motion is on the table. A motion requires a second to be considered. Each motion must be disposed of (passed, defeated, tabled, referred to committee, or postponed indefinitely).

## How to do things:

### **You want to bring up a new idea before the group.**

After recognition by the president of the board, present your motion. A second is required for the motion to go to the floor for discussion, or consideration.

### **You want to change some of the wording in a motion under discussion.**

After recognition by the president of the board, move to amend by

- adding words,
- striking words or
- striking and inserting words.

### **You like the idea of a motion being discussed, but you need to reword it beyond simple word changes.**

Move to substitute your motion for the original motion. If it is seconded, discussion will continue on both motions and eventually the body will vote on which motion they prefer.

### **You want more study and/or investigation given to the idea being discussed.**

Move to refer to a committee. Try to be specific as to the charge to the committee.

### **You want more time personally to study the proposal being discussed.**

Move to postpone to a definite time or date.

### **You are tired of the current discussion.**

Move to limit debate to a set period of time or to a set number of speakers. Requires a 2/3<sup>rds</sup> vote.

### **You have heard enough discussion.**

Move to close the debate. Requires a 2/3<sup>rds</sup> vote. Or move to previous question. This cuts off discussion and brings the assembly to a vote on the pending question only. Requires a 2/3<sup>rds</sup> vote.

### **You want to postpone a motion until some later time.**

Move to table the motion. The motion may be taken from the table after 1 item of business has been conducted. If the motion is not taken from the table by the end of the next meeting, it is dead. To kill a motion at the time it is tabled requires a 2/3<sup>rds</sup> vote. A majority is required to table a motion without killing it.

**You believe the discussion has drifted away from the agenda and want to bring it back.**  
Call for orders of the day.

**You want to take a short break.**  
Move to recess for a set period of time.

**You want to end the meeting.**  
Move to adjourn.

**You are unsure that the president of the board has announced the results of a vote correctly.**  
Without being recognized, call for a "division of the house." At this point a roll call vote will be taken.

**You are confused about a procedure being used and want clarification.**  
Without recognition, call for "Point of Information" or "Point of Parliamentary Inquiry." The president of the board will ask you to state your question and will attempt to clarify the situation.

**You have changed your mind about something that was voted on earlier in the meeting for which you were on the winning side.**  
Move to reconsider. If the majority agrees, the motion comes back on the floor as though the vote had not occurred.

**You want to change an action voted on at an earlier meeting.**  
Move to rescind. If previous written notice is given, a simple majority is required. If no notice is given, a 2/3<sup>rds</sup> vote is required.

**You may INTERRUPT a speaker for these reasons only:**  
to get information about business – **point of information**  
to get information about rules – **parliamentary inquiry**  
if you can't hear, safety reasons, comfort, etc. – **question of privilege**  
if you see a breach of the rules – **point of order**  
if you disagree with the president of the board's ruling – **appeal**

Quick Reference					
	Must Be Seconded	Open for Discussion	Can be Amended	Vote Count Required to Pass	May Be Reconsidered or Rescinded
Main Motion	√	√	√	Majority	√
Amend Motion	√	√		Majority	√
Kill a Motion	√			Majority	√
Limit Debate	√		√	2/3 <sup>rds</sup>	√
Close Discussion	√			2/3 <sup>rds</sup>	√
Recess	√		√	Majority	
Adjourn (End meeting)	√			Majority	
Refer to Committee	√	√	√	Majority	√
Postpone to a later time	√	√	√	Majority	√
Table	√			Majority	
Postpone Indefinitely	√	√	√	Majority	√

## Commonly Used Motions for Boards

John W. K. Overbey, PRP prp@jwko.net

Motion	Purpose	What to Say	Special Characteristics
Main Motion	Introduce an item of business	"I move to adopt the proposed budget." "I move to approve the resolution on . . ."	Can only be moved when no other motions are pending.
Postpone Indefinitely	Kill a sensitive main motion without a direct vote	"I move that the main motion be Postponed Indefinitely."	No amendment.
Amend	Change the wording of a main motion	"I move to Amend the main motion by striking out \$750 under the line item for Postage and inserting \$785."	Forms: Add or Insert; Strike Out; Strike Out and Insert; Substitute (entire main motion)
Refer to Committee	Allow further study of a main motion	"I move to Refer the main motion to the X committee (with instructions to report to the board at the March regular meeting)."	Can amend as to: which committee; any instructions to it; and powers to be delegated.
Postpone	Delay decision on a main motion until later	"I move to Postpone the main motion to the next regular meeting." "I move to postpone the main motion until after lunch."	Can amend as to the time of postponement, but cannot extend beyond the next regular meeting.
Previous Question	Force a vote without further debate or amendment	"I move the Previous Question." "I move the Previous Question on all pending questions."	2/3 vote required. No debate or amendment.
Recess	Allow an interlude in a meeting	"I move to Recess for 15 minutes."	Can amend as to the length of the recess.
Point of Order	Identify an error in procedure	"Point of Order! Board policies require that we _____."	One member can demand that the rules be followed. No second, debate, or amendment.
Request for Information	Ask a factual question, directed to staff, officers, or committee chairs.	"I have a question regarding the budget."	Most common board tool for exercising duty of care. No second, debate, or amendment.

Note: motion to "Table" is ambiguous and often misused. Instead, use *Postpone* to delay a decision, and *Postpone Indefinitely* to indirectly dispose of or kill a motion.