

OFFICIAL STATEMENT DATED JUNE 27, 2016

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

The Bonds have been designated as "qualified tax-exempt obligations" for Financial institutions. See "TAX MATTERS -Qualified Tax-Exempt Obligations."

NEW ISSUE - Book Entry Only

RATING: Moody's Investors Service (Underlying) "A2" See "MUNICIPAL BOND RATING"

\$5,935,000

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 19 (A Political Subdivision of the State of Texas, located within Fort Bend County)

UNLIMITED TAX PARK BONDS, SERIES 2016

Dated: August 1, 2016

Due: September 1, as shown below

The \$5,935,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Park Bonds, Series 2016 (the "Bonds") are obligations of Fort Bend County Levee Improvement District No. 19 (the "District") and are not obligations of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds will accrue from August 1, 2016, and will be payable March 1 and September 1 of each year ("Interest Payment Date"), commencing March 1, 2017 until maturity. Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at Amegy Bank, a division of ZB, N.A., Houston, Texas, (sometimes hereinafter called the "Paying Agent" or the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at maturity. Unless otherwise agreed between the Paying Agent and a Bondholder, interest on the Bonds is dated as of the Interest Payment Date and payable to each Bondholder, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th 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 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."

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

Table with 5 columns: Maturity (September 1), Principal Amount, Interest Rate, Initial Reoffering Yield (a), and CUSIP Nos. 34679W(b). Rows for years 2017, 2018, 2019, and 2020.

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). 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.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Service Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

The Bonds are not subject optional redemption prior to maturity.

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. Neither the State of Texas; the City of Missouri City, Texas; Fort Bend County, 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; the City of Missouri City, Texas; Fort Bend County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject to the approval of the Attorney General of Texas and of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about August 24, 2016.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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 Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Levee Improvement District No. 19 (the "District") of its Unlimited Tax Park Bonds, Series 2016 (the "Bonds").

The Bonds are issued pursuant to a resolution ("Bond Resolution") adopted by the Board of Directors of the District on the date of the sale of the Bonds; Article XVI, Section 59 of the Texas Constitution; and an election held on May 12, 2007.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

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

Award of the Bonds

Citigroup Global Markets, Inc. (referred to herein as the "Initial Purchaser") has agreed to purchase the Bonds from the District for \$5,936,597.75 (being the par amount of the Bonds, plus a premium on the Bonds of \$27,344.50, and less an underwriter's discount of \$25,746.75), plus accrued interest on the Bonds to the date of delivery. The Initial Purchaser's obligation is to purchase all of the Bonds, if any Bonds are purchased.

The following statement is provided by the Initial Purchaser: In accordance with their responsibilities under the federal securities laws, the Initial Purchaser 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 delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker, dealer or similar person or organization acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER - ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also

shall furnish to the Initial Purchaser 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 Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(e)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND RATING

Moody's Investor Service ("Moody's") has assigned an underlying credit rating of "A2" to the Bonds. An explanation of the rating 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 the 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 such rating may have an adverse effect on the market price of the Bonds.

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

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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 Levee Improvement District No. 19 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Issue	\$5,935,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Park Bonds, Series 2016, are dated August 1, 2016, and bear interest at the rates set forth on the cover page hereof. The Bonds are scheduled to mature on September 1, 2017, through September 1, 2020, inclusive. Interest accrues from August 1, 2016, and is payable March 1, 2017, and each September 1 and March 1 thereafter until stated maturity. See "THE BONDS."
Book Entry Only	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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	The Bonds are payable from a continuing, direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Missouri City, Texas; Fort Bend County, Texas; the State of Texas; or any entity other than the District. See "THE BONDS - Source of Payment."
Authority for Issuance.....	<p>The Bonds are issued pursuant to the authority of the Constitution and laws of the State of Texas, particularly Chapters 49 and 57, Texas Water Code, as amended, and an Order of the Texas Commission on Environmental Quality (the "TCEQ"). The Attorney General of Texas reviews the transcript of proceedings of issuance of the Bonds, but does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.</p> <p>At a bond election held within the District on May 12, 2007, the voters authorized the issuance of \$9,500,000 principal amount of unlimited tax bonds for the purpose of park improvements and the refunding of such bonds. After the sale of the Bonds, a total of \$3,563,402.25 in principal amount of unlimited tax bonds for park improvement bonds will remain authorized but unissued. See "THE BONDS – Authority for Issuance."</p>
Qualified Tax-Exempt Obligations	The District has designated 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."
Use of Proceeds	Proceeds of the sale of the Bonds will be used to finance the District's share of the following projects: (i) Paving, sitework, planting and irrigation for the District's Multi-Use park; (ii) Sitework, planting and irrigation for: LJ Parkway phases 1A and 1B; LJ Parkway Phase 5; LJ Parkway phase 3; LJ Parkway Phase 6; Avalon at Riverstone University Blvd phase 1 landscape; LJ Parkway & University Blvd intersection; Avalon at Riverstone Section 4; LJ Parkway Orchard to Millwood; Avalon at Riverstone University Blvd South; Avalon at Riverstone Section 7; LJ Parkway, Millwood to Levee and Millwood Section 4; (iii) Planting and irrigation for Oilfield Road; (iv) Sidewalk, planting and irrigation for LJ Parkway phases 4 and 4A; (v) Amenities (planting urn) for Avalon at Riverstone Section 3; (vi) Landscape project appraisals for Winding Waters Lane and Winding

Waters Lane from University Blvd to Westin; and (vii) to pay for certain financing, legal and other costs related to the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Municipal Bond Rating.....	Moody’s Investors Service (Underlying) – “A2.” See “MUNICIPAL BOND RATING.”
Payment Record.....	The District has never defaulted on the payment of principal or interest on its previously issued bonds.
Bond Counsel	The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. See “LEGAL MATTERS.”
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Houston, Texas
Disclosure Counsel.....	Norton Rose Fulbright US LLP, Houston, Texas.

THE DISTRICT

Description.....	Fort Bend County Levee Improvement District No. 19 (the “District”) is a political subdivision of the State of Texas. The District is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas on October 24, 2006. The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing flood plain reclamation, flood protection, detention and outfall drainage and park and recreational facilities that serve the District (the “Levee and Parks System”); and road facilities;. The District presently contains approximately 791.0 acres of land and is located approximately 21 miles southwest from downtown Houston, Texas. The District lies within the extraterritorial jurisdiction and corporate limits of the City of Missouri City.
Riverstone	The District is part of the approximately 3,700-acre master planned community known as “Riverstone.” The District is one of two levee improvement districts that serve Riverstone. At full development, Riverstone is projected to include single family, multi-family, townhome, institutional (churches, schools, etc.) and commercial development. Development of Riverstone began in 2001. Recreational amenities within Riverstone include three recreation centers consisting of a pool and playground, as well as a dog park, a tennis court and a fishing pier for use by Riverstone residents.
Water and Wastewater Facilities	Approximately 543 acres within the District are located within Fort Bend County Municipal Utility District No. 149 (“MUD 149”) and approximately 247.5 acres within the District are located within Fort Bend County Municipal Utility District No. 129 (“MUD 129”). Each of MUD 149 and MUD 129 provides water, wastewater and certain storm drainage facilities to the property within their respective boundaries. Various development entities have advanced funds on behalf of MUD 149 and MUD 129 to finance the construction of the water and wastewater facilities to serve portions of the land within MUD 149 and MUD 129, which are also within the boundaries of the District. MUD 149 has issued \$27,905,000 of unlimited tax bonds, of which \$27,280,000 is outstanding and payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 149’s boundaries. MUD 129 has issued \$32,415,000 of unlimited tax bonds, of which \$21,585,000 is outstanding and is payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within MUD 129’s boundaries. MUD 149 set a 2015 tax rate of \$0.65 per \$100 assessed valuation and MUD 129 set a 2015 tax rate of \$0.42 per \$100 assessed valuation. See “INVESTMENT CONSIDERATIONS—Overlapping Taxes.”
Development within the District	Approximately 576 acres of land within the District have been developed as the single family residential subdivisions of Creekstone Village, Sections 1-8; Shadow Glen, Sections 1-6; Orchard, Sections 1-3; Sweetbriar, Sections

1-4; Millwood Sections 1-4;; Lost Creek, Sections 1-3 and Stonebrook Sections 1 and 2. Such subdivisions encompass 1,862 single-family residential lots. Construction of underground utilities and street paving is complete in these sections. As of June 20, 2016, the District contained 1,632 completed single-family homes, 63 single-family homes in various stages of construction, 4 model homes and 163 vacant lots. In addition to the development described above, the District presently contains approximately 10 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities, a portion of which will be included in future drainage easements and rights-of-way. Approximately 175 acres are undevelopable. See "THE DISTRICT— Status of Development." See "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders within the District.....	Homebuilders active within the District are Highland Homes (currently building in Lost Creek and Shadow Glen), Newmark Homes (currently building in Millwood), Perry Homes (currently building in Stonebrook, Millwood, Lost Creek and Shadow Glen), Westin Homes (currently building in Creekstone Village), and Trendmaker Homes (currently building in Millwood). Homes currently being constructed range in price from \$300,000 to \$600,000.
Flood Protection	The District has reclaimed land from the Brazos River through fill and the construction of a 6.3 mile earthen levee. Herrin Ranch Development II, Inc. ("Herrin Ranch" or the "Developer") has advanced funds on behalf of the District to finance the construction of a levee which has been completed and physically removed all acreage within the levee from the current 100 year floodplain designation. The current Flood Insurance Rate Map ("FIRM") panel dated April 2, 2014, does not include developable District property within the 100-year floodplain. Prior to completion of the levee, all the development within the District included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the 100-year floodplain designation. These sections are also protected by the levee. Additional drainage improvements, including stormwater detention, outfall and other drainage structures will be required to fully develop the remaining undeveloped land in the District. See "THE LEVEE AND DISTRICT SYSTEMS - Flood Protection System."
Investment Considerations	<p>THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT THE MAINTENANCE OF TAXABLE VALUES FOR DEVELOPED PROPERTY, AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.</p> <p>THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."</p>

**SUMMARY OF SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2015 Certified Assessed Valuation	\$551,569,364 (a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
2016 Preliminary Assessed Valuation.....	\$663,887,429 (b)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Estimate of Assessed Valuation as of June 1, 2016	\$682,037,429 (c)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt:	
Outstanding Bonds.....	\$31,085,000
The Bonds	<u>5,935,000</u>
Total	\$37,020,000
Estimated Overlapping Debt	<u>\$56,969,585 (d)</u>
Total Direct and Estimated Overlapping Debt	<u>\$93,989,585</u>
Direct Debt Ratios:	
As a percentage of the 2015 Certified Assessed Valuation	6.71 %
As a percentage of the 2016 Preliminary Assessed Valuation	5.58 %
As a percentage of the Estimate of Assessed Valuation as of June 1, 2016	5.43 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2015 Certified Assessed Valuation	17.04 %
As a percentage of the 2016 Preliminary Assessed Valuation	14.16 %
As a percentage of the Estimate of Assessed Valuation as of June 1, 2016	13.78 %
Debt Service Fund - Levee and Parks System (as of March 28, 2016)	\$2,797,102 (e)
Debt Service Fund - Roads (as of March 28, 2016)	\$ 865,900 (e)
General Fund (as of March 28, 2016)	\$3,532,386
Construction Fund (as of March 28, 2016).....	\$1,216,001 (f)
2015 Tax Rate per \$100 of Assessed Valuation	
Debt Service (Levee and Parks System).....	\$0.48
Debt Service (Roads).....	0.13
Maintenance.....	<u>0.11</u>
Total	\$0.72 (g)
Average Annual Debt Service Requirements	
on Remaining Outstanding Bonds and the Bonds (2016-2039).....	\$2,202,998
Maximum Annual Debt Service Requirement	
on Remaining Outstanding Bonds and the Bonds (2020).....	\$3,684,739
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements on Remaining Outstanding Bonds and the Bonds	
(2016-2039) at 95% Tax Collections	
Based Upon the 2015 Certified Assessed Valuation (\$551,569,364).....	\$0.43
Based Upon the 2016 Preliminary Assessed Valuation (\$663,887,429)	\$0.35
Based Upon the Estimate of Assessed Valuation as of June 1, 2016 (\$682,037,429)	\$0.35
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual	
Debt Service Requirement on Remaining Outstanding Bonds and	
the Bonds (2020) at 95% Tax Collections	
Based Upon the 2015 Certified Assessed Valuation (\$551,569,364).....	\$0.71
Based Upon the 2016 Preliminary Assessed Valuation (\$663,887,429)	\$0.59
Based Upon the Estimate of Assessed Valuation as of June 1, 2016 (\$682,037,429)	\$0.57
Number of Single-Family Homes as of June 20, 2016	1,699 (h)
(including 63 homes under construction)	
Estimated District Population.....	5,691 (i)

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- (a) As of January 1, 2015. All property located in the District is valued on the appraisal rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of market value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES."
 - (b) Provided by the Appraisal District as the preliminary value on January 1, 2016. Represents the preliminary determination of the taxable value in the District as of January 1, 2016. This preliminary value is subject to protest by the landowners. No taxes will be levied on the preliminary value. The value will be certified by the Appraisal District and taxes will be levied on the certified value. No representation is made as to the variance in the certified value for 2016 and the preliminary value provided herein.
 - (c) Provided by the Appraisal District for information purposes only. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
 - (d) See "SELECTED FINANCIAL INFORMATION - Estimated Overlapping Debt Statement."
 - (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the District's debt service funds. A separate debt service fund will be established for the Bonds and future park bonds.
 - (f) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purpose for which the issue of the Outstanding Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from Levee and Parks System Bonds. Of such amount, \$279,149 may be used to finance levee facilities with the approval of the TCEQ, and \$936,852 may be used to finance road facilities.
 - (g) The District is authorized to levy separate debt service taxes for road debt and levee and park debt, both of which are unlimited as to rate or amount. See "THE BONDS - Authority for Issuance."
 - (h) Approximately 1,626 homes are occupied.
 - (i) Based on 3.5 people per occupied single-family residence.

\$5,935,000
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 19
UNLIMITED TAX PARK BONDS
SERIES 2016

This Official Statement of Fort Bend County Levee Improvement District No. 19 (the "District") is provided to furnish information with respect to the issuance by the District of its \$5,935,000 Unlimited Tax Park Bonds, Series 2016 (the "Bonds"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code, as amended; an election held on May 12, 2007, and an order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") and a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This Official Statement contains descriptions of the Bonds, the Developers, the Bond Resolution 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 The Muller Law Group, PLLC, 16555 Southwest Freeway, Suite 200, Sugar Land, Texas 77479, 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 Resolution, except as otherwise indicated herein.

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 Resolution of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to The Muller Law Group, PLLC.

The \$5,935,000 Fort Bend County Levee Improvement District No. 19 Unlimited Tax Park Bonds, Series 2016, are dated August 1, 2016, with interest payable March 1, 2017, and each September 1 and March 1 thereafter until maturity ("Interest Payment Date"). The Bonds are scheduled to mature on September 1, 2017 through September 1, 2020, inclusive. 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 Amegy Bank, a division of ZB, N.A., 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 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date").

Paying Agent/Registrar

The initial Paying Agent/Registrar is Amegy Bank, a division of ZB, N.A., 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 ("DTC"), New York, New York, while the Bonds are registered in its nominee's 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 believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (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. If however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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, distributions, and dividend 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 Issuer or Agent, 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, Agent or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

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

Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof. The Bonds are not subject to redemption prior to stated maturity.

Use of Certain Terms in Other Sections of this Official Statement

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

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 Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, the 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 Missouri City, Texas; or any entity other than the District.

Authority for Issuance

At a bond election held within the District on May 12, 2007, the voters authorized the issuance of \$9,500,000 principal amount of unlimited tax bonds for the purpose of park improvements and the refunding of such bonds. After the sale of the Bonds, a total of \$3,563,402.25 in principal amount of unlimited tax bonds for park improvement bonds will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Resolution; Chapters 49 and 57 of the Texas Water Code; as amended; an election held on May 12, 2007, and Article XVI, Section 59 of the Texas Constitution.

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 Levee and Parks System 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.

Redemption of the Bonds

The Bonds are not subject to optional redemption prior to maturity.

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 Bondholder. 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 Bondholder or assignee of the Bondholder 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. 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 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 Registrar), bond printing and legal fees in connection with any such replacement.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution 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 Commission, 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 \$20,825,000 of bonds levee and drainage, and \$3,563,402.25 of bonds for parks and recreation and no bonds for road improvements authorized but unissued after the issuance of the bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District. See "INVESTMENT CONSIDERATIONS - Future Debt."

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the Commission).

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or (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 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 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.

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

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

“(b) A district’s bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any 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 Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Texas Legislature has not waived the District’s immunity to a suit for money damages under the doctrine of governmental immunity. If 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. Sovereign immunity may prevent bondholders from bringing a suit for money damages. 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.

Use and Distribution of Bond Proceeds

The construction costs below were compiled by the District’s Engineer (hereinafter defined) and were submitted to the TCEQ in the District’s Bond Application Report. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District’s auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

District’s Share

CONSTRUCTION COSTS

A.	Developer Contribution Items	
	Total Developer Contribution Items	\$ 0
B.	District Items	
1.	Multi-Use Park – Paving	\$ 175,398
2.	Multi Use Park- Sitework, Planting & Irrigation	243,278
3.	LJ Parkway Phase 1A- Sitework, Planting & Irrigation	283,896
4.	LJ Parkway Phase 1B- Sitework, Planting & Irrigation	161,716
5.	Oilfield Road- Planting & Irrigation	1,943
6.	LJ Parkway Phase 3 - Sitework, Planting & Irrigation	143,430
7.	LJ Parkway Phase 4 - Sidewalk, Planting & Irrigation	3,278
8.	LJ Parkway Phase 4A - Sidewalk, Planting & Irrigation	68,117
9.	Avalon at Riverstone University Blvd Phase 1 Landscape - Sitework, Planting & Irrigation	375,716
10.	LJ Parkway Phase 5 - Sitework, Planting & Irrigation	653,929
11.	LJ Parkway Phase 6 - Sidewalk, Planting & Irrigation	267,393
12.	L J Parkway & University Blvd Intersection - Sitework, Planting and Irrigation	483,058
13.	Avalon at Riverstone Section 3 - Amenities (planting urn)	129,507
14.	Avalon at Rivers tone Section 4 - Sitework, Planting & Irrigation	617,202
15.	LJ Parkway Orchard to Millwood - Sitework, Planting and Irrigation	171,907
16.	Avalon at Riverstone University Blvd South - Sitework, Planting & Irrigation	341,946
17.	Avalon at Riverstone Section 7 - Sitework, Planting & Irrigation	70,973
18.	LJ Parkway Millwood to Levee and Millwood Section 4 - Sitework, Planting & Irrigation	124,075
19.	Winding Water Lane- Landscape Project Appraisal	135,275
20.	Winding Waters Lane from University Blvd to Westin Tract - Landscape Project Appraisal	176,696
21.	Engineering (7 .48 % of Item no. 1)	13,118
22.	Architectural (Items 2 - 18)	<u>460,413</u>
	Total District Items	\$5,102,264
	TOTAL CONSTRUCTION COSTS	\$5,102,264

NONCONSTRUCTION COSTS

A.	Legal Fees	\$ 158,700
B.	Fiscal Agent Fees	118,700
C.	Developer Interest	267,164
D.	Bond Issuance Expenses	39,349
E.	Bond Application Costs	50,000
F.	Attorney General Fee (0.1% or \$9,500 maximum)	5,935
G.	TCEQ Bond Issuance Fee (0.25%)	14,838
H.	Contingency (a)	<u>178,050</u>
	TOTAL NONCONSTRUCTION COSTS	\$ 832,736
	TOTAL BOND ISSUE REQUIREMENT	<u>\$5,935,000</u>

(a) In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

Fort Bend County Levee Improvement District No. 19 (the "District") is a conservation and reclamation district created by order of the Commissioners Court of Fort Bend County, Texas on October 24, 2006, and operates under the provisions of Chapter 7804 of the Texas Special District Local Laws Code, Chapters 49 and 57 of the Texas Water Code, and other general statutes applicable to levee improvement districts. The District presently contains approximately 791.0 acres of land and is located approximately 21 miles southwest from downtown Houston, Texas. The District lies within the extraterritorial jurisdiction of the City of Missouri City.

The District is empowered, among other things, to purchase, construct, operate and maintain all improvements and utilities necessary for providing flood plain reclamation, flood protection, detention and outfall drainage; road facilities; and parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to contract for or employ its own peace officers. The District contains approximately 791.0 acres of land. The District is located approximately 21 miles southwest of downtown Houston. The District is located approximately 3 miles south of U.S. Highway 59 (the "Southwest Freeway") and is accessible via the Southwest Freeway to Texas State Highway 6, and then south to the Riverstone entrances.

DEVELOPMENT WITHIN THE DISTRICT

Status of Development

The District is part of the approximately 3,700-acre master planned community known as "Riverstone." The District is one of two levee improvement districts that serve Riverstone. At full development, Riverstone is projected to include single family, townhome, institutional (churches, schools, etc.) and commercial development. Development of Riverstone began in 2001 in the adjacent Fort Bend County Municipal Utility District No. 115 ("MUD 115"), which is not in the District. Development activities in the District began in 2006 in MUD 129, and construction of underground facilities and street paving is complete in Creekstone Village, Sections 1-8. Shadow Glen, Sections 1-6, Orchard, Sections 1-3, Sweetbriar, Sections 1-4, Millwood Sections 1-4, Lost Creek, Sections 1-3, and Stonebrook Section 1 and 2 are within MUD 149 and all underground facilities and street paving in these sections is also complete.

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The following is a status of construction of single-family housing within the District as of June 20, 2016:

<u>Subdivision</u>	<u>Acreege</u>	<u>Platted Lots</u>	<u>Completed Occupied Homes</u>	<u>Completed Unoccupied Homes</u>	<u>Model Homes</u>	<u>Homes Under Construction</u>	<u>Vacant Lots</u>
Creekstone Village							
Section 1	24.3	88	88	0	0	0	0
Section 2	20.6	60	60	0	0	0	0
Section 3	51.9	110	110	0	0	0	0
Section 4	34.8	112	112	0	0	0	0
Section 5	21.1	69	69	0	0	0	0
Section 6, Phase 1	10.1	38	38	0	0	0	0
Section 6, Phase 2	10.2	33	33	0	0	0	0
Section 7, Phase 1	9.1	37	37	0	0	0	0
Section 7, Phase 2	7.8	26	7	2	0	13	4
Section 8	<u>14.7</u>	<u>44</u>	<u>44</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	204.7	617	598	2	0	13	4
Stonebrook							
Section 1	48.2	178	178	0	0	0	0
Section 2	<u>29.7</u>	<u>115</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>16</u>	<u>98</u>
	77.9	293	178	0	1	16	98
The Orchard							
Section 1	9.6	24	24	0	0	0	0
Section 2	19.2	40	40	0	0	0	0
Section 3	<u>11.2</u>	<u>24</u>	<u>24</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	40.0	88	88	0	0	0	0
Sweetbriar							
Section 1	17.6	64	64	0	0	0	0
Section 2	13.4	57	57	0	0	0	0
Section 3	19.7	68	68	0	0	0	0
Section 4	<u>0.7</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
	51.4	191	190	0	0	1	0
Shadow Glen							
Section 1	15.1	32	32	0	0	0	0
Section 2	11.1	38	38	0	0	0	0
Section 3, Phase 1	10.3	35	35	0	0	0	0
Section 3, Phase 2	8.5	30	30	0	0	0	0
Section 4	17.9	49	47	0	0	2	0
Section 5	13.9	50	50	0	0	0	0
Section 6	<u>11.1</u>	<u>40</u>	<u>40</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	87.9	274	272	0	0	2	0
Millwood							
Section 1	18.9	65	64	0	1	0	0
Section 2	18.0	53	53	0	0	0	0
Section 3	16.6	67	67	0	0	0	0
Section 4	<u>16.8</u>	<u>71</u>	<u>62</u>	<u>1</u>	<u>0</u>	<u>8</u>	<u>0</u>
	70.3	256	246	1	1	8	0
Lost Creek							
Section 1	19.3	57	47	2	2	5	1
Section 2	13.7	47	7	1	0	18	21
Section 3	<u>11.0</u>	<u>39</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39</u>
	44.0	143	54	3	2	23	61
Total	<u>576.2</u>	<u>1,862</u>	<u>1,626</u>	<u>6</u>	<u>4</u>	<u>63</u>	<u>163</u>

Homebuilders

Construction of homes within the District is being conducted by five builders: Highland Homes, Newmark Homes, Perry Homes, Westin Homes and Trendmaker Homes. New homes in the District range in offering prices from approximately \$300,000 to over \$600,000. Home construction in the District began in January of 2007.

Future Development

The District contains approximately 10 undeveloped but developable acres, all of which are available for single-family residential use. 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 the development costs will be financed through the sale of future bond issues.

MANAGEMENT OF THE DISTRICT

The District is governed by the Board of Directors (the “Board”), consisting of three directors, which has control over and management supervision of all affairs of the District. Directors have four-year terms and are re-appointed by Fort Bend County Commissioners Court. The current members and officers of the Board, are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Walters	President	10/2018
Robert Thompson	Vice President and Assistant Secretary	10/2018
Kolbe M. Curtice	Secretary	10/2018

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 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 (“FDIC”) 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 tax assessor/collector for the District is Esther Flores of Tax Tech, Inc. (the “Tax Assessor/Collector”). According to Tax Tech, Inc., its employees currently serve approximately 80 other special districts as tax assessor/collector.

Bookkeeper

Avanta Services acts as bookkeeper for the District. Avanta Services performs similar services for approximately 30 other utility districts.

Utility System Operator

The District’s flood protection system is operated by Levee Management Services, LLC (“LMS”).

Engineer

The consulting engineer for the District is Costello, Inc. Costello, Inc. currently serves approximately 40 other utility districts as engineer.

Bond Counsel

The District has engaged The Muller Law Group, PLLC, Sugar Land, 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 earned 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.

THE ROAD SYSTEM

The road system serves residents of the District by providing access to the major thoroughfares within the Riverstone Development and the surrounding area. The major thoroughfares and collectors serving the District include University Boulevard, Oilfield Road and LJ Parkway. Oilfield Road serves as a major thoroughfare by conveying residents of the District to the major thoroughfare of University Boulevard and the arterial of State Highway 6. LJ Parkway serves as a major thoroughfare by conveying residents of the District to the major thoroughfare of University Boulevard and the major thoroughfare of Sienna Ranch Road, which connects to the Fort Bend Parkway Toll Road. The District will finance, design and construct the road system in phases as development progresses and will be owned, operated and maintained by the County as the component portions are completed and accepted by the County. The District does not intend to maintain or operate the Roads once they are accepted by the County.

THE PARK SYSTEM

The park system includes landscaping and irrigation systems to serve residents of the District. The park features include small neighborhood parks, recreation centers and a community trail system. Bond proceeds will be used to reimburse the Developer for a Multi-Use Park facility and various site work, planting and irrigation projects along LJ Parkway, University Boulevard, Winding Waters and Avalon Drive.

THE LEVEE AND DISTRICT SYSTEMS

Flood Protection System

Based upon the Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM") number 48157C0290L dated April 2, 2014, all of the developable land in the District has been removed from the 100 year flood plain of the Brazos River. Flood protection for the 791 acres of Riverstone located within the District is being provided by the District. Herrin Ranch has advanced funds on behalf of the District to finance the construction of a levee which has been completed and removed all acreage within the levee from the current 100 year floodplain designation of the Brazos River. The levee system includes drainage ditches, detention/lake systems, outfall structures and future pumping stations necessary to remove land in the District from the 100-year flood plain of the Brazos River. The development within the District included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the current 100 year floodplain designation of the Brazos River. These sections are also protected by the levee. The District has contracted with adjacent levee improvement districts to construct a perimeter levee (the "Levee Re-certification Improvements"), which when jointly certified, will enable the District to continue to be designated as lying within the area protected by the levee. The District and all participating districts have determined that an interconnected perimeter levee system will allow the parties to increase the level of flood protection for all parties and will be a more cost-effective and timely solution than improving each levee system individually in response to the new FIRM. Construction has been completed on the Levee Recertification Improvements. Fort Bend County LID No. 19 with Fort Bend County Levee Improvement District No. 15 own and operate a storm water pump station located near the intersection of Thompson Ferry Road and LJ Parkway. It is equipped with four 20,000-gpm electric pumps and a natural gas powered backup generator. The pump station services District property within in the Steep Bank Creek watershed. The pump station is utilized when the Districts receive localized rainfall events when the Brazos River is at flood levels.

Water Supply Facilities for MUDs

Approximately 543 acres within the District are located within MUD 149 and approximately 247.5 acres within the District are located within MUD 129. Both MUD 129 and MUD 149 receive water supply through a Regional Water Supply Agreement among MUD 129, MUD 149, MUD 115 and Fort Bend County MUD No. 46 (the "RWSA"). Under the RWSA, the parties are served by the two water plants, the MUD 115 water plant (the "MUD 115 Water Plant") and the MUD 149 water plant (the "MUD 149 Water Plant"). The MUD 115 Water Plant consists of one 1,800 gallons per minute ("gpm") well, two 496,450 gallon ground storage tanks, booster pumps totaling 5,350 gpm capacity, 65,000 gallons of pressure tank capacity, and appurtenant equipment. The MUD 149 Water Plant consists of one 2,100 gpm well, one 496,000 gallon ground storage tank, booster pumps totaling 4,500 gpm capacity, 55,000 gallons of pressure tank capacity and appurtenant equipment. Under the RWSA, MUD 129 has sufficient capacity to serve 1,409 ESFC, and MUD 149 has sufficient capacity to serve 1,308 ESFC.

Source of Wastewater Treatment for MUDs

The City of Missouri City provides waste water treatment to MUD 129 and MUD 149 pursuant to a Regional Wastewater Treatment Contract between the City of Missouri City and MUD 129 and MUD 149.

General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's Levee and Parks 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 A."

	UNAUDITED	Fiscal Year Ended				
	05/31/16	07/31/15	07/31/14	07/31/13	07/31/12	07/31/11
REVENUES						
Property taxes for maintenance	\$ 602,317	\$1,123,334	\$ 940,376	\$ 983,274	\$ 998,035	\$750,576
Intergovernmental	-	-	600,000(a)	1,800,000(a)	-	-
Other revenues	4,697	17,100	24,914	25,300	21,650	16,400
Interest on deposits	<u>5,100</u>	<u>4,722</u>	<u>5,374</u>	<u>4,698</u>	<u>2,582</u>	<u>1,398</u>
TOTAL REVENUES	<u>\$ 612,114</u>	<u>\$1,145,156</u>	<u>\$1,570,664</u>	<u>\$2,813,272</u>	<u>\$1,022,267</u>	<u>\$768,374</u>
EXPENDITURES						
Professional fees	\$ 76,206	\$ 94,115	\$ 91,460	\$ 103,366	\$ 98,586	\$ 75,166
Contracted services	63,339	87,025	94,485	93,634	47,515	32,196
Repairs and maintenance	96,538	315,690	152,936	155,217	149,115	166,432
Administrative	26,940	35,485	31,937	23,713	27,858	23,038
Other operating expenditures	8,448	16,199	7,010	2,520	2,500	2,488
Joint pump station	24,794	18,392	-	-	-	-
Capital Outlay	<u>54,149</u>	<u>5,859</u>	<u>217,754(a)</u>	<u>1,746,342(a)</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 350,414</u>	<u>\$ 572,765</u>	<u>\$ 595,582</u>	<u>\$2,124,792</u>	<u>\$ 325,574</u>	<u>\$299,320</u>
Excess Revenues (Expenditures)	\$ 261,700	\$ 572,391	\$ 975,082	\$ 688,480	\$ 696,693	\$469,054
Other Sources (Uses)	\$ -	\$ -	\$ 2,250	\$ -	\$ -	\$ -
Balance, Beg of Year	<u>\$3,634,463</u>	<u>\$3,062,072</u>	<u>\$2,084,740</u>	<u>\$1,396,260</u>	<u>\$ 699,567</u>	<u>\$230,513</u>
Balance, End of Year	<u>\$3,896,163</u>	<u>\$3,634,463</u>	<u>\$3,062,072</u>	<u>\$2,084,740</u>	<u>\$1,396,260</u>	<u>\$699,567</u>

(a) Related to an Interlocal Agreement between the District, Fort Bend County and Sienna Plantation Management District for regional road improvements.

THE DEVELOPERS

Role of a Developer

In general, the activities of a developer in a municipal utility district such as MUD 149, MUD 129 and the District include purchasing the land within the District, designing the subdivisions, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the Commission, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a utility district pursuant to the rules of the Commission. However, for the projects financed with the Bonds, the District applied for and received from the Commission, pursuant to Commission rules, approval to reimburse the Developers for 100% of the costs of such projects. The relative success or failure of a developer to perform such activities in development of property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a utility district. A developer is generally under no obligation to a district to develop the property which it owns. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district.

The Developers have made no commitments for payment of debt service on the Bonds. The Developers and other owners of property located in the District are legally responsible only for payment of ad valorem taxes to the District and other taxing authorities. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments."

Herrin Ranch Development II Inc. and Sugar Land Ranch Development II Corp.

The principal developers of land and/or landowners within the District are Herrin Ranch Development II Inc., a Texas corporation ("Herrin Ranch II"), and Sugar Land Ranch Development II Corp., a Texas corporation ("Sugar Land Ranch II"). Both entities are directly or indirectly owned and/or controlled by the Johnson Development Corp. Herrin Ranch II and Sugar Land Ranch II are collectively referred to herein as the "Developers."

Each of these entities were created to own and/or develop land in the Riverstone project, and all of the assets and liabilities of these entities are related solely to the Riverstone project.

Development Management

The development of the Riverstone project is being managed by The Johnson Development Corp. Larry D. Johnson, President of The Johnson Development Corp., has over 36 years of experience in real estate development. Mr. Johnson's real estate activities have included over 77 projects resulting in the development of nearly 40,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master planned golf course communities and multi-family housing. In the Houston metropolitan area, in addition to Riverstone, Mr. Johnson's developments include Atascocita, Steeplechase, Sienna Plantation, Silverlake, Fall Creek, Woodforest, Imperial Sugar Land, Edgewater, Tuscan Lakes, Cross Creek Ranch and Harmony.

Figure Four Partners, LTD

Figure Four Partners, LTD is developing in Stonebrook, Section 2, of which 29.7 acres have been developed as 115 lots. Perry Homes is constructing homes in Stonebrook, Section 2.

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**SELECTED FINANCIAL INFORMATION
(Unaudited)**

2015 Certified Assessed Valuation	\$551,569,364 (a)
See "TAXING PROCEDURES."	
2016 Preliminary Assessed Valuation.....	\$663,887,429 (b)
See "TAXING PROCEDURES."	
Estimate of Assessed Valuation at June 1, 2016.....	\$682,037,429 (c)
See "TAXING PROCEDURES."	
Direct Debt	
Outstanding Bonds	\$ 31,085,000
The Bonds	<u>5,935,000</u>
Total	\$ 37,020,000
Estimated Overlapping Debt	<u>\$ 56,969,585 (d)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 93,989,585</u>
Direct Debt Ratios:	
As a percentage of the 2015 Certified Assessed Valuation.....	6.71 %
As a percentage of the 2016 Preliminary Assessed Valuation.....	5.58 %
As a percentage of the Estimate of Assessed Valuation at June 1, 2016	5.43 %

-
- (a) As of January 1, 2015. As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as the preliminary value on January 1, 2016. Represents the preliminary determination of the taxable value in the District as of January 1, 2016. This preliminary value is subject to protest by the landowners. No taxes will be levied on the preliminary value. The value will be certified by the Appraisal District and taxes will be levied on the certified value. No representation is made as to the variance in the certified value for 2016 and the preliminary value provided herein.
- (c) Represents new construction within the District from the January 1, 2016 to June 1, 2016. This estimate from the Appraisal District is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate.
- (d) See "SELECTED FINANCIAL INFORMATION - Estimated Overlapping Debt Statement."

General

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

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance (Levee and Drainage and Park): \$1.00 per \$100 Assessed Valuation.
Maintenance (Road): \$0.25 per \$100 Assessed Valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for 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 May 12, 2007, which authorized the levy of a maintenance tax not to exceed \$1.00/\$100 assessed valuation. An election was held within the District on November 6, 2007, which authorized the levy of a road maintenance tax not to exceed \$0.25/\$100 assessed valuation. The District levied a maintenance tax of \$0.11 per \$100 of assessed valuation for tax year 2015.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements on Remaining Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2015 Certified Assessed Valuation (\$551,569,364), the 2016 Preliminary Assessed Valuation (\$663,887,429) or the Estimate of Assessed Valuation at June 1, 2016 (\$682,037,429). The calculations assume collection of 95% of taxes levied and exclude any debt service funds or anticipated tax revenue rebates to be received by the City.

Average Annual Debt Service Requirements (2016-2039).....	\$2,202,998
Tax Rate of \$0.43 on the 2015 Certified Assessed Valuation produces.....	\$2,253,161
Tax Rate of \$0.35 on the 2016 Preliminary Assessed Valuation produces.....	\$2,207,426
Tax Rate of \$0.35 on the Estimate of Assessed Valuation at June 1, 2016 produces.....	\$2,267,774
Maximum Annual Debt Service Requirement (2020).....	\$3,684,739
Tax Rate of \$0.71 on the 2015 Certified Assessed Valuation produces.....	\$3,720,335
Tax Rate of \$0.59 on the 2016 Preliminary Assessed Valuation produces.....	\$3,721,089
Tax Rate of \$0.57 on the Estimate of Assessed Valuation at June 1, 2016 produces.....	\$3,693,233

Estimated 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 April 30, 2015	Estimated Overlapping	
		Percent	Amount
Fort Bend County	435,795,000	0.98%	\$ 4,270,791
Fort Bend Independent School District	951,563,767	1.91	18,174,868
Fort Bend County MUD No. 129	21,585,000	33.56	7,243,926
Fort Bend County MUD No. 149	27,280,000	100.00	<u>27,280,000</u>
Total Estimated Overlapping Debt			\$56,969,585
The District			<u>37,020,000(a)</u>
Total Direct & Estimated Overlapping Debt			<u>\$93,989,585</u>
Ratio of Estimated Direct and Overlapping Debt to 2015 Certified Assessed Valuation			17.04%
Ratio of Estimated Direct and Overlapping Debt to 2016 Preliminary Assessed Valuation			14.16%
Ratio of Estimated Direct and Overlapping Debt to Estimate of Assessed Valuation at June 1, 2016			13.78%

(a) Includes the 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 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 2015 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2015 Tax Rate</u>
The District	\$0.72000
Fort Bend County	0.48600(a)
Fort Bend ISD	1.34000
Fort Bend County MUD No. 149	0.65000(b)
Fort Bend County MUD No. 129	0.42000(b)

(a) Includes \$0.0220 for Fort Bend County Drainage District.

(b) Residents only pay taxes for the MUD in which they are located.

Assessed Valuation Summary

The following represents the type of property comprising the 2013-2015 tax rolls:

<u>Type of Property</u>	<u>2015 Assessed Valuation</u>	<u>%</u>	<u>2014 Assessed Valuation</u>	<u>%</u>	<u>2013 Assessed Valuation (a)</u>	<u>%</u>
Land	\$106,935,610	19.29	\$ 90,955,008	21.63	\$ 75,308,520	24.56
Improvements	445,689,229	80.41	326,163,110	77.55	229,626,270	74.89
Personal Property	<u>1,622,890</u>	<u>0.29</u>	<u>3,449,529</u>	<u>0.82</u>	<u>1,680,094</u>	<u>0.55</u>
Total Appraised Value	\$554,247,729	<u>100.00</u>	\$420,567,647	<u>100.00</u>	\$306,614,884	<u>100.00</u>
Less Exemptions	<u>(2,678,365)</u>		<u>(4,172,457)</u>		<u>(2,349,064)</u>	
Total Net Taxable Value	\$551,569,364		\$416,395,190		\$304,265,820	

Historical Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate/ \$100 (a)</u>	<u>Adjusted Levy</u>	<u>Current Collections</u>	<u>%</u>	<u>Total Collections</u>	<u>%</u>	<u>Fiscal Year Ending</u>
2009	\$90,237,785	\$0.70	\$ 631,995	\$ 602,958	95.41	\$ 614,729	97.27	7-31-10
2010	122,266,966	0.80	976,978	954,450	97.69	982,702	100.59	7-31-11
2011	166,406,490	0.80	1,331,252	1,329,317	99.85	1,352,483	101.59	7-31-12
2012	220,815,887	0.80	1,766,645	1,759,920	99.62	1,761,255	99.69	7-31-13
2013	304,265,820	0.80	2,434,126	2,418,369	99.35	2,424,266	99.59	7-31-14
2014	416,415,190	0.80	3,331,322	3,312,162	99.42	3,326,190	99.85	7-31-15
2015	551,569,364	0.72	3,970,168	3,929,877	98.99	3,947,771	99.44	7-31-16

(a) See "Tax Rate Distribution."

Tax Rate Distribution

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Service (Levee and Parks System)(a)	\$0.48	\$0.35	\$0.36	\$0.28	\$0.21
Debt Service (Roads)(a)	0.13	0.18	0.13	0.12	0.00
Maintenance	<u>0.11</u>	<u>0.27</u>	<u>0.31</u>	<u>0.40</u>	<u>0.59</u>
	<u>\$0.72</u>	<u>\$0.80</u>	<u>\$0.80</u>	<u>\$0.80</u>	<u>\$0.80</u>

(a) The District is authorized to levy separate debt service taxes for road debt and levee and drainage, both of which are unlimited as to rate or amount.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District’s certified appraisal rolls for the 2015 tax year.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2015 Tax Roll</u>
Perry Homes LLC (a)	Land & Improvements	\$ 2,318,920
Herrin Ranch Development II Inc (a)	Land & Improvements	1,897,930
Newmark Homes Houston LLC	Land & Improvements	1,872,060
Trendmaker Homes INC	Land & Improvements	1,328,690
Perry Homes	Land & Improvements	1,162,990
Highland Homes-Houston Ltd	Land & Improvements	1,149,920
Centerpoint Energy Electric	Personal Property	993,060
Homeowner	Land & Improvements	665,010
Jasico Inc	Land & Improvements	658,730
Homeowner	Land & Improvements	<u>648,470</u>
Total		<u>\$12,695,780</u>
% of Respective Tax Roll		<u>2.30%</u>

(a) See “THE DEVELOPERS.”

DEBT SERVICE SCHEDULE

Year	Current Debt Requirement	Plus:-----The Bonds-----		Total Debt Service Requirements
		Principal	Interest	
2016	\$2,088,519	\$ -	\$ -	\$ 2,088,519
2017	2,079,315	1,435,000	78,555	3,592,870
2018	2,095,850	1,470,000	58,163	3,624,013
2019	2,111,045	1,500,000	39,788	3,650,833
2020	2,133,701	1,530,000	21,038	3,684,739
2021	2,147,941	-	-	2,147,941
2022	2,159,604	-	-	2,159,604
2023	2,174,874	-	-	2,174,874
2024	2,191,739	-	-	2,191,739
2025	2,213,725	-	-	2,213,725
2026	2,212,275	-	-	2,212,275
2027	2,235,808	-	-	2,235,808
2028	2,240,199	-	-	2,240,199
2029	2,256,168	-	-	2,256,168
2030	2,267,768	-	-	2,267,768
2031	2,270,493	-	-	2,270,493
2032	2,294,130	-	-	2,294,130
2033	2,287,505	-	-	2,287,505
2034	1,982,461	-	-	1,982,461
2035	1,990,400	-	-	1,990,400
2036	1,554,195	-	-	1,554,195
2037	1,075,500	-	-	1,075,500
2038	339,000	-	-	339,000
2039	<u>337,188</u>	<u>-</u>	<u>-</u>	<u>337,188</u>
Total	<u>\$46,739,400</u>	<u>\$5,935,000</u>	<u>\$197,543</u>	<u>\$52,871,943</u>

Average Annual Requirements - (2016-2039) \$2,202,998
 Maximum Annual Requirement - (2020) \$3,684,739

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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 Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the Levee and Parks 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 Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). 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

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles.

In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

In addition to the foregoing, subject to certain statutory conditions, several exemptions may apply to disabled veterans or certain surviving family members of disabled veterans or members of the armed forces. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Under certain conditions, this exemption may also extend to the surviving spouse of a disabled veteran for such property. Additionally, if a residence homestead has been donated by a charitable organization, a partially disabled veteran, or certain surviving spouses of partially disabled veterans, may seek 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. 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 spouse. See "SELECTED FINANCIAL INFORMATION."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. The District has not adopted a general homestead exemption.

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

Tax Abatement

Fort Bend County (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. As of September 1, 1999, 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 finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, 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 Directors of the District based upon a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. 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 requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months.

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. 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.

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 Missouri City, 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, levied 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.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development and the maintenance of taxable values within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area, including particularly the vitality of the market for higher priced homes. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of future construction in the District. See “THE DISTRICT—Status of Development.”

The Houston area economy is particularly affected by the energy industry, and taxable values and home construction may be adversely affected by continuing low oil and gas prices.

Competitive Nature of Residential Housing Market: The housing industry in the Houston metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by the Developers will be implemented or completed. The competitive position of the Developers in the sale of improved lots to builders or in the construction of single-family residential units by the builders is affected by most of the factors discussed in this section, and such competitive position is directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Location and Access: The District is located in an outlying area of the Greater Houston Metropolitan Area, approximately 21 miles southwest of the central business district of the City of Houston. The District is located entirely within the extraterritorial jurisdiction of the City of Missouri City. Developers and homebuilders active within the District compete for the sale of developed lots and homes with numerous residential development projects located closer to major employment centers. In addition, many of the residential developments with which the District competes are in a more developed state and have lower overlapping taxes. As a result, particularly during times of increased competition, the Developers and homebuilders may find themselves at a competitive disadvantage to the developers and homebuilders in other residential projects located close to major urban centers or in a more developed state. See “THE DISTRICT” and “DEVELOPMENT WITHIN THE DISTRICT.”

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 2015 Certified Assessed Valuation of property located within the District (see “SELECTED FINANCIAL INFORMATION”) is \$551,569,364. The 2016 Preliminary Assessed Valuation of property located within the District (see “SELECTED FINANCIAL INFORMATION”) is \$663,887,429. The Estimate of Assessed Valuation at June 1, 2016 of property located within the District (see “SELECTED FINANCIAL INFORMATION”) is \$682,037,429. After issuance of the Bonds, the maximum annual debt service requirement on the Remaining Outstanding Bonds and the Bonds will be \$3,684,739 (2020) and the average annual debt service requirements will be \$2,202,998 (2016-2039, inclusive). Assuming no increase to nor decrease from the 2015 Certified Assessed Valuation, tax rates of \$0.71 and \$0.43 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor decrease from the 2016 Preliminary Assessed Valuation, tax rates of \$0.59 and \$0.35 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor decrease from the Estimate of Assessed Valuation at June 1, 2016, tax rates of \$0.57 and \$0.35 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, 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.

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 and construction of homes 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.

Developers’ Obligations to the District: There is no commitment by or legal requirement of the Developers, or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. While the Developers, in most cases, retain the right to repurchase land from buyers who fail to commence construction of buildings within 18 months of purchasing the land, there is no commitment or legal requirement of the Developers to make such repurchase in order to facilitate and encourage timely construction of buildings in the District. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future construction

activity in the District. Failure to construct taxable improvements would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "THE DISTRICT – Status of Development" and "THE DEVELOPERS."

Overlapping Taxes

The portion of the land within the District which has been developed to date (approximately 315 acres) and the remaining land to be developed are or will be provided water distribution, wastewater collection and storm drainage service by two MUDs. The debt service on bonds issued by the MUDs is paid from ad valorem taxes, which taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, the MUDs, and other taxing jurisdictions must be added. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. MUD 129 and MUD 149 levied a 2015 tax rate of \$0.42 and \$0.65, respectively. Such combined rates are higher than tax rates presently being levied in utility districts in the general vicinity of the District. Further, MUD 129 has sold six series of bonds. MUD 149 has sold four series of bonds. The District can make no representation that taxable property values in the District and the MUDs will maintain value sufficient to support the continued payment of taxes by property owners. See "SELECTED FINANCIAL INFORMATION."

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

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners 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 Resolution 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. Sovereign immunity may prevent bondholders from bringing suit for money damages. Further, if such a suit were successfully brought; 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Bankruptcy Limitation to Registered Owners' Rights."

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser 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

The District will have \$28,730,000 of bonds for levee and drainage improvement, no bonds for road improvements, and \$3,563,402.25 of bonds for parks and recreation authorized but unissued after the issuance of the bonds in addition to refunding bonds (See “THE BONDS - Issuance of Additional Debt”), and such 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 Resolution. 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.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure 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.

Changes in Tax Legislation

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

Environmental Regulations

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

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

Sanctions against a municipal utility 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 Commission may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston area (“HGB area”) – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – was designated by the EPA in 2008 as a severe ozone nonattainment area, with an attainment date of June 15, 2019.

Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA’s “8-hour” ozone standards are met. To provide for reductions in ozone concentrations, the EPA and the Commission have imposed increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA’s standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

In order to comply with the EPA’s standards for the HGB area, the Commission has established a state implementation plan (“SIP”) setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB area. It is possible that additional controls will be necessary to

allow the HGB area to reach attainment by June 15, 2019. These additional controls could have a negative impact on the HBG 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) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the Safe Drinking Water Act ("SDWA"), potable (drinking) water provided by a district to more than twenty-five (25) people or fifteen (15) service connections will be subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment facilities.

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. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and must establish the total maximum allowable daily load ("TMDL") of certain pollutants into the water bodies. The TMDL's that districts may discharge may have an impact on the district's ability to obtain and maintain TPDES permits.

Operations of Utility Districts are also potentially subject to numerous stormwater discharge permitting requirements under the Clean Water Act and EPA and TCEQ regulations. The TCEQ reissued the Texas Pollutant Discharge Elimination System Construction General Permit (TXR150000) on February 19, 2013. The permit became effective on March 5, 2013, and is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state.

The TCEQ renewed the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on December 11, 2013. The permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems ("MS4s"). The renewed MS4 Permit impacts a much greater number of MS4s that were not previously subject to the MS4 Permit and contains more stringent requirements than the standards contained in the previous MS4 Permit. The District, together with other levee improvement districts and municipal utility districts serving Riverstone, participate in a regional stormwater management plan for compliance with the MS4 Permit. Under the stormwater management plan and permit approved by the TCEQ, the District is obligated to make certain undertakings and implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the renewed MS4 Permit.

Operations of Utility Districts, including the District, are also potentially subject to requirements and restrictions under the Clean Water Act regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.

On January 30, 2015, President Barack Obama issued an Executive Order No. 13690 ("EO 13690"), which amended Executive Order 11988 ("EO 11988") relating to floodplain management, to establish a Federal Flood Risk Management Standard ("FFRMS"). Guidelines for the implementation of EO 13690, revised EO 11198, and the FFRMS by federal agencies are under agency review. At this time, it is unclear what impact, if any, the FFRMS will have on the land within the District or otherwise protected by the District's flood protection facilities

Regional Levee System

Effective August 1, 2007, the District entered into a Perimeter Levee Operation and Maintenance Agreement (the "O&M Agreement") between the District and numerous surrounding levee improvement districts and municipal utility districts (the "Parties").

The O&M Agreement required the Parties to construct and raise all or a portion of their respective levees within their boundaries to meet FEMA requirements. This has been completed. All Parties agreed to prepare and submit a uniform submission to FEMA to document that the combined Levee System of the Parties (the "Regional Levee System") met the design, operation, and maintenance requirements of the NFIP and FEMA. The District is responsible for maintaining, at its sole expense, its respective segment of the Regional Levee System in accordance with the O&M Agreement. Each Party agreed to enroll its levee in the United States Army Corps of Engineer's Repair and Inspection Program and to maintain active status in the same. Each of the Parties has the right to inspect, repair, and maintain, after giving notice and failure to cure, any portion of the Regional Levee System that does not conform with the O&M Agreement.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such

examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel, to a like effect and to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations.

In addition to serving as Bond Counsel, The Muller Law Group, PLLC, also serves as general counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are earned upon the issuance, sale and delivery of the Bonds. The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

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

No Material Adverse Change

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

In the opinion of The Muller Law Group, PLLC, Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and the Bonds are not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations.

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 Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution 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 Initial Purchaser with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Resolution or if the foregoing representations or report 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.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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

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

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

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 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.

Tax Accounting Treatment of Original Issue Premium Bonds

The initial public offering price of certain of the Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bond. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser may be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. Generally, no deduction is allowed for federal income tax purposes as a result of such reduction in basis with respect to a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Qualified Tax-Exempt Obligations

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.

The Issuer will designate the Bonds as "qualified tax-exempt obligations" and has represented 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 2016 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 2016.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has agreed to make certain continuing disclosure undertakings for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the provisions of the Bond Resolution for so long as it remains obligated to advance funds to pay the Bonds. Under the Bond Resolution, 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 included under the headings "SELECTED FINANCIAL INFORMATION," (except as to Estimated Overlapping Debt Statement) and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2016. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 ("Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is July 31. Accordingly, it must provide updated information by January 31 in each year, unless it 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide 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 information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as

described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt 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 Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial 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

The District has made certain filings to describe its compliance with its continuing disclosure undertakings with respect to debt obligations issued by the District. These filings may be publicly available on EMMA. In addition to other filings related to the District's continuing disclosure undertakings, please reference the filings made by the District on April 30, 2014, and November 18, 2015. These filings are available by accessing the following link to the District's page on EMMA (<http://emma.msrb.org/IssuerHomePage/Issuer?id=46E59F08487D0F981FFC947D53095840&type=G>) and locating each of these dated filings under the "Event-Based Disclosures" tab. The contents of each of the aforementioned filings are incorporated by reference herein.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developers, 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 Levee and Parks System, and, in particular, that engineering information included in the section entitled "THE DISTRICT - Description" has been provided by Costello, Inc. and that engineering information included in the section entitled "THE LEVEE AND DISTRICT SYSTEMS," has been provided by Costello, 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 Tax Tech, Inc. and the Appraisal District. Such information has been included herein in reliance upon Tax Tech's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, as 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 Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District 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.

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 Directors of Fort Bend County Levee Improvement District No. 19 as of the date shown on the first page hereof.

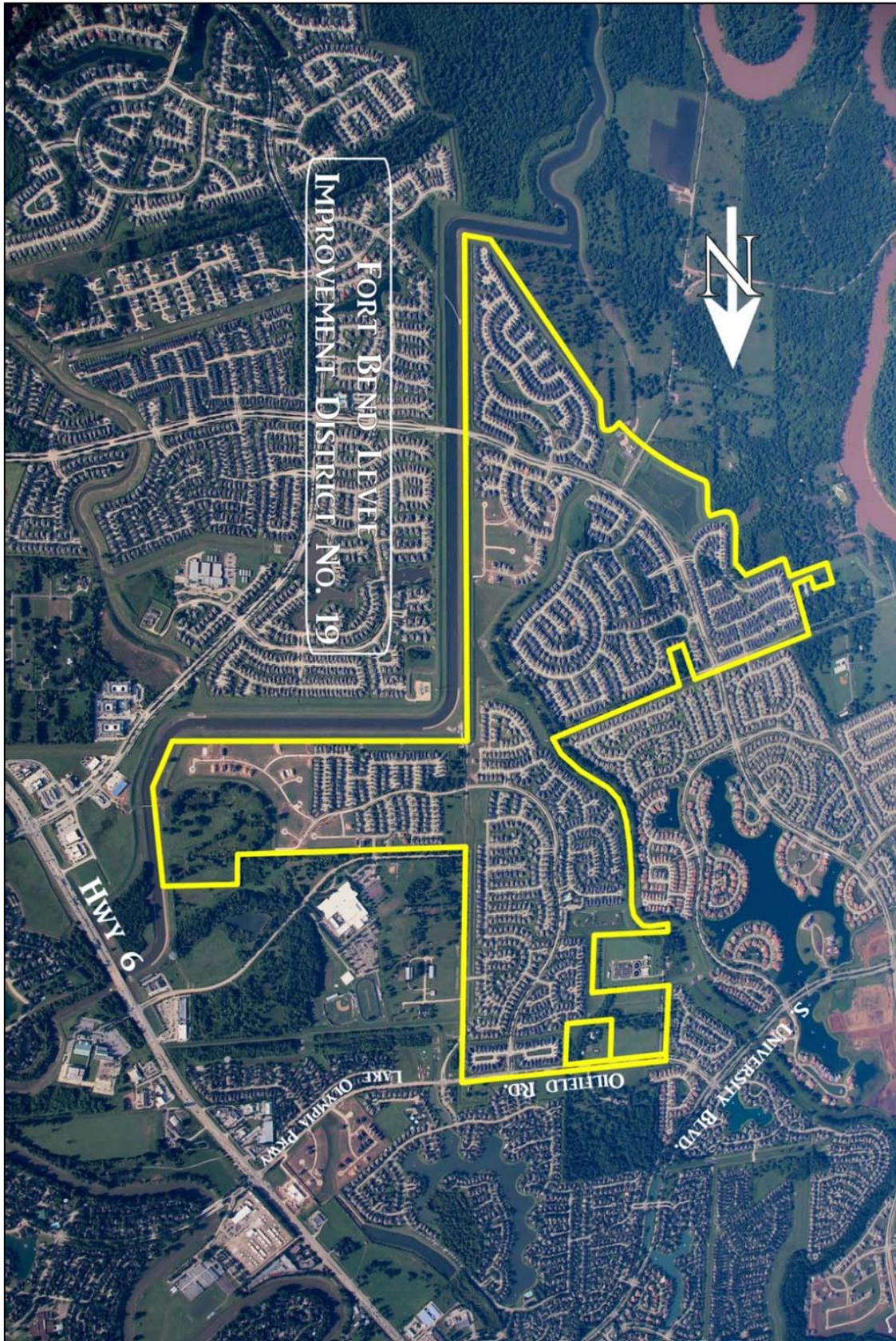
/s/ Robert Walters
President, Board of Directors
Fort Bend County Levee Improvement District No. 19

ATTEST:

/s/ Kolbe M. Curtice
Secretary, Board of Directors
Fort Bend County Levee Improvement District No. 19

AERIAL PHOTOGRAPH OF THE DISTRICT

(taken July 2016)



APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 19**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2015

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Independent Auditors' Report

Board of Directors
Fort Bend County Levee Improvement District No. 19
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 19, as of and for the year ended July 31, 2015, and the related notes to the financial statements, which collectively comprise the 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 basic 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 basic financial statements are free of material misstatement.

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

***Board of Directors
Fort Bend County Levee Improvement District No. 19
Fort Bend County, Texas***

Opinion

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 Fort Bend County Levee Improvement District No. 19, as of July 31, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

W. G. G. & Co, P.C.

Houston, Texas
November 23, 2015

Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2015***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 19 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2015. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2015

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at July 31, 2015, was negative \$915,620. A comparative summary of the District's overall financial position, as of July 31, 2015 and 2014, is as follows:

	2015	2014
Current and other assets	\$ 9,141,591	\$ 5,575,911
Capital assets	22,680,575	20,282,677
Total assets	<u>31,822,166</u>	<u>25,858,588</u>
Current liabilities	1,598,674	957,904
Long-term liabilities	31,139,112	26,684,746
Total liabilities	<u>32,737,786</u>	<u>27,642,650</u>
Net position		
Net investment in capital assets	(3,894,718)	(3,898,161)
Restricted	1,993,577	1,463,052
Unrestricted	985,521	651,047
Total net position	<u>\$ (915,620)</u>	<u>\$ (1,784,062)</u>

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
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The total net position of the District increased by \$868,442. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2015</u>	<u>2014</u>
Revenues		
Property taxes, penalties and interest	\$ 3,347,757	\$ 2,442,799
Intergovernmental		600,000
Other	25,844	33,529
Total revenues	<u>3,373,601</u>	<u>3,076,328</u>
Expenses		
Operating and administrative	645,141	648,385
Interest and fees	1,273,097	1,865,980
Debt issuance costs	286,465	527,817
Intergovernmental		113,678
Depreciation	300,456	295,774
Total expenses	<u>2,505,159</u>	<u>3,451,634</u>
Change in net position	868,442	(375,306)
Net position, beginning of year	(1,784,062)	(1,408,756)
Net position, end of year	<u>\$ (915,620)</u>	<u>\$ (1,784,062)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2015, were \$8,854,269, which consists of \$3,204,418 in the General Fund, \$2,498,931 in the Debt Service Fund and \$3,150,920 in the Capital Projects Fund.

General Fund

Comparative summaries of the General Fund's financial position as of July 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total assets	<u>\$ 3,283,686</u>	<u>\$ 3,130,020</u>
Total liabilities	\$ 70,266	\$ 60,381
Total deferred inflows	9,002	7,567
Total fund balance	<u>3,204,418</u>	<u>3,062,072</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,283,686</u>	<u>\$ 3,130,020</u>

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Comparative summaries of the General Fund's activities for the current and prior fiscal year are as follows:

	2015	2014
Total revenues	\$ 1,145,156	\$ 1,570,664
Total expenditures	(572,765)	(595,582)
Revenues over expenditures	572,391	975,082
Other changes in fund balance	(430,045)	2,250
Net change in fund balance	<u>\$ 142,346</u>	<u>\$ 977,332</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. As a result, fund balance in the General Fund for the current year and prior year has increased. During the current year the District transferred funds to the Capital Projects Fund to finance certain road improvements.

Debt Service Fund

Comparative summaries of the Debt Service Fund's financial position as of July 31, 2015 and 2014 are as follows:

	2015	2014
Total assets	<u>\$ 2,520,715</u>	<u>\$ 1,920,033</u>
Total liabilities	\$ 800	\$ 7
Total deferred inflows	20,984	14,346
Total fund balance	2,498,931	1,905,680
Total liabilities, deferred inflows and fund balance	<u>\$ 2,520,715</u>	<u>\$ 1,920,033</u>

Comparative summaries of the Debt Service Fund's activities in the current and prior fiscal year are as follows:

	2015	2014
Total revenues	\$ 2,232,193	\$ 1,515,507
Total expenditures	(1,638,942)	(896,319)
Revenues over expenditures	<u>\$ 593,251</u>	<u>\$ 619,188</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

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Capital Projects Fund

Comparative summaries of the Capital Projects Fund's financial position as of July 31, 2015 and 2014 are as follows:

	2015	2014
Total assets	<u>\$ 3,337,190</u>	<u>\$ 525,858</u>
Total liabilities	\$ 186,270	\$ 542
Total fund balance	<u>3,150,920</u>	<u>525,316</u>
Total liabilities and fund balance	<u>\$ 3,337,190</u>	<u>\$ 525,858</u>

Comparative summaries of activities in the Capital Projects Fund for the current and prior fiscal year are as follows:

	2015	2014
Total revenues	\$ 1,419	\$ 342
Total expenditures	<u>(3,040,628)</u>	<u>(4,311,900)</u>
Revenues under expenditures	(3,039,209)	(4,311,558)
Other changes in fund balance	<u>5,664,813</u>	<u>3,887,750</u>
Net change in fund balance	<u>\$ 2,625,604</u>	<u>\$ (423,808)</u>

The District has had considerable capital asset activity in the last two years, which includes the sale of bonds in the current year and in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$337,541 less than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2015***

Capital Assets

Capital assets held by the District at July 31, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Capital assets not being depreciated		
Land and improvements	\$ 13,985,615	\$ 13,985,615
Construction in progress	<u>1,183,908</u>	<u>2,139,617</u>
	<u>15,169,523</u>	<u>16,125,232</u>
Capital assets being depreciated		
Infrastructure	8,312,673	4,658,610
Other facilities	<u>279,770</u>	<u>279,770</u>
	<u>8,592,443</u>	<u>4,938,380</u>
Less accumulated depreciation		
Infrastructure	(885,552)	(613,073)
Other facilities	<u>(195,839)</u>	<u>(167,862)</u>
	<u>(1,081,391)</u>	<u>(780,935)</u>
Depreciable capital assets, net	<u>7,511,052</u>	<u>4,157,445</u>
Capital assets, net	<u>\$ 22,680,575</u>	<u>\$ 20,282,677</u>

The District completed construction of the following during the current year:

- Steep Bank Creek storm water pump station
- Road improvements - LJ Parkway Phase 6
- Road improvements - LJ Parkway Phase 7

The District's construction in progress is for the construction of the following:

- LJ Parkway extension to Commonwealth
- Turn lanes at LJ Parkway and University Boulevard
- Signals at LJ Parkway and University Boulevard
- Signals at University Boulevard and Oilfield Road
- The lowering of LJ Parkway at Hagerson Road
- Bridge at SF 416

As discussed in Note 6, the District has contractual commitments in the amount of \$392,755 for construction of flood control facilities, drainage facilities, roads and landscaping. The District will owe its developers for these projects upon completion of construction.

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2015

Long-Term Debt

At July 31, 2015 and 2014, the District had total bonded debt outstanding as shown below:

Series	2015	2014
2009 Levee	\$ 3,865,000	\$ 3,975,000
2012 Road	6,345,000	6,500,000
2012A Levee	6,035,000	6,210,000
2013 Levee	10,000,000	10,000,000
2014 Road	5,300,000	
	<u>\$ 31,545,000</u>	<u>\$ 26,685,000</u>

During the year, the District issued \$5,300,000 in unlimited tax road bonds. At July 31, 2015, the District had \$28,730,000 unlimited tax levee improvement bonds authorized, but unissued for flood control levee and drainage facilities within the District and \$9,500,000 for parks and recreational facilities.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2015 Actual</u>	<u>2016 Budget</u>
Total revenues	\$ 1,145,156	\$ 608,354
Total expenditures	(572,765)	(464,984)
Revenues over expenditures	572,391	143,370
Other changes in fund balance	(430,045)	
Net change in fund balance	142,346	143,370
Beginning fund balance	3,062,072	3,204,418
Ending fund balance	<u>\$ 3,204,418</u>	<u>\$ 3,347,788</u>

Property Taxes

The District's property tax base increased approximately \$122,826,000 for the 2015 tax year from \$416,581,330 to \$539,407,449. This increase was primarily due to new construction in the District and increased property values. For the 2015 tax year, the District has levied a maintenance tax rate of \$0.11 per \$100 of assessed value, a levee debt service tax rate of \$0.48 per \$100 of assessed value and a road debt service tax rate of \$0.13 per \$100 of assessed value, for a total combined tax rate of \$0.72 per \$100. Tax rates for the 2014 tax year were \$0.27 per \$100 for maintenance and operations, \$0.35 per \$100 for levee debt service and \$0.18 per \$100 for road debt service.

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Basic Financial Statements

Fort Bend County Levee Improvement District No. 19
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 2,167,737	\$ 46,382	\$ -	\$ 2,214,119	\$ -	\$ 2,214,119
Investments	1,113,208	2,456,738	3,326,939	6,896,885		6,896,885
Taxes receivable	9,002	20,984		29,986		29,986
Internal balances	(6,780)	(3,471)	10,251			
Due from other governments	173			173		173
Accrued interest receivable	346	82		428		428
Capital assets not being depreciated					15,169,523	15,169,523
Capital assets, net					7,511,052	7,511,052
Total Assets	<u>\$ 3,283,686</u>	<u>\$ 2,520,715</u>	<u>\$ 3,337,190</u>	<u>\$ 9,141,591</u>	<u>22,680,575</u>	<u>31,822,166</u>
Liabilities						
Accounts payable	\$ 67,657	\$ 791	\$ 137,494	\$ 205,942		205,942
Retainage payable			48,776	48,776		48,776
Other payables	2,609	9		2,618		2,618
Accrued interest payable					526,338	526,338
Due to developers					1,167,693	1,167,693
Long-term debt						
Due within one year					815,000	815,000
Due after one year					29,971,419	29,971,419
Total Liabilities	<u>70,266</u>	<u>800</u>	<u>186,270</u>	<u>257,336</u>	<u>32,480,450</u>	<u>32,737,786</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>9,002</u>	<u>20,984</u>		<u>29,986</u>	<u>(29,986)</u>	
Fund Balances/Net Position						
Fund Balances						
Restricted		2,498,931	3,150,920	5,649,851	(5,649,851)	
Unassigned	<u>3,204,418</u>			<u>3,204,418</u>	<u>(3,204,418)</u>	
Total Fund Balances	<u>3,204,418</u>	<u>2,498,931</u>	<u>3,150,920</u>	<u>8,854,269</u>	<u>(8,854,269)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,283,686</u>	<u>\$ 2,520,715</u>	<u>\$ 3,337,190</u>	<u>\$ 9,141,591</u>		
Net Position						
Net investment in capital assets					(3,894,718)	(3,894,718)
Restricted for debt service					1,993,577	1,993,577
Unrestricted					985,521	985,521
Total Net Position					<u>\$ (915,620)</u>	<u>\$ (915,620)</u>

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 19

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,123,334	\$ 2,202,856	\$ -	\$ 3,326,190	\$ 6,461	\$ 3,332,651
Penalties and interest		13,493		13,493	1,613	15,106
Accrued interest on bonds sold		13,241		13,241	(13,241)	
Miscellaneous	17,100			17,100		17,100
Investment earnings	4,722	2,603	1,419	8,744		8,744
Total Revenues	1,145,156	2,232,193	1,419	3,378,768	(5,167)	3,373,601
Expenditures/Expenses						
Operating and administrative						
Professional fees	94,115		30,958	125,073		125,073
Contracted services	87,025	44,903		131,928		131,928
Repairs and maintenance	315,690			315,690		315,690
Administrative	35,485	2,303	71	37,859		37,859
Other	16,199			16,199		16,199
Joint pump station	18,392			18,392		18,392
Capital outlay	5,859		2,692,494	2,698,353	(2,698,353)	
Debt service						
Principal		440,000		440,000	(440,000)	
Interest and fees		1,151,736	30,640	1,182,376	90,721	1,273,097
Debt issuance costs			286,465	286,465		286,465
Depreciation					300,456	300,456
Total Expenditures/Expenses	572,765	1,638,942	3,040,628	5,252,335	(2,747,176)	2,505,159
Revenues Over (Under) Expenditures	572,391	593,251	(3,039,209)	(1,873,567)	1,873,567	
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			5,300,000	5,300,000	(5,300,000)	
Bond discount			(65,232)	(65,232)	65,232	
Internal transfers	(430,045)		430,045			
Net Change in Fund Balances	142,346	593,251	2,625,604	3,361,201	(3,361,201)	
Change in Net Position					868,442	868,442
Fund Balance/Net Position						
Beginning of the year	3,062,072	1,905,680	525,316	5,493,068	(7,277,130)	(1,784,062)
End of the year	\$ 3,204,418	\$ 2,498,931	\$ 3,150,920	\$ 8,854,269	\$ (9,769,889)	\$ (915,620)

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 19 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Commissioners’ Court of Fort Bend County, Texas, dated October 24, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on November 30, 2006, and the first bonds were sold on May 18, 2009.

The District’s primary activities include construction, maintenance and operation of flood control drainage facilities, recreation facilities and major thoroughfares. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an appointed three-member board. The Governmental Accounting Standards Board 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's flood control, drainage, recreational and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At July 31, 2015, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets, which primarily consist of flood control, drainage and recreational facilities and road improvements, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	25-45 years
Park equipment	10 years

The District's detention facilities, levee system and landscaping are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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 externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. 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.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$ 8,854,269
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 23,761,966	
Less accumulated depreciation	<u>(1,081,391)</u>	
Change due to capital assets		22,680,575

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net	(30,786,419)	
Interest payable on bonds	<u>(526,338)</u>	
Change due to long-term debt		(31,312,757)

Amounts due to the District's developer for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(1,167,693)
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Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

Property taxes receivable	24,502	
Penalty and interest receivable	<u>5,484</u>	
Change due to property taxes		29,986

Total net position - governmental activities		<u><u>\$ (915,620)</u></u>
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Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 2 – Adjustment from Governmental to Government-Wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ 3,361,201

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 8,074

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 2,698,353	
Depreciation expense	(300,456)	
		2,397,897

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(5,300,000)	
Bond discount	65,232	
Principal payments	440,000	
Interest expense accrual	(103,962)	
		(4,898,730)

Change in net position of governmental activities \$ 868,442

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral.

The District’s written investment policy establishes additional requirements for collateralization of deposits.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 3 – Deposits and Investments (continued)

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of July 31, 2015, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	General	\$ 244,097		N/A	N/A
	Debt Service	242,257			
		<u>486,354</u>	<u>7%</u>		
TexPool	General	869,111		AAAm	82 days
	Debt Service	2,214,481			
	Capital Projects	3,326,939			
		<u>6,410,531</u>	<u>93%</u>		
Total		<u>\$ 6,896,885</u>	<u>100%</u>		

The District's investments in certificates of deposit are stated at cost, which approximates fair value.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 3 – Deposits and Investments

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Amounts Due to/from Other Funds

Amounts due to/from other funds at July 31, 2015, consist of the following:

	Interfund	
	Receivable	Payable
General Fund	\$ 3,471	\$ 10,251
Debt Service Fund		3,471
Capital Projects Fund	10,251	
	<u>\$ 13,722</u>	<u>\$ 13,722</u>

Amounts reported as due to/from between funds are considered temporary loans needed for normal operations and will be repaid during the following fiscal year.

During the current fiscal year, the District transferred \$430,045 from the General Fund to the Capital Projects Fund in order to finance the construction of road improvements for LJ Parkway Phase 8.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2015, follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 13,985,615	\$ -	\$ 13,985,615
Construction in progress	2,139,617	(955,709)	1,183,908
	<u>16,125,232</u>	<u>(955,709)</u>	<u>15,169,523</u>
Capital assets being depreciated			
Infrastructure	4,658,610	3,654,063	8,312,673
Park equipment	279,770		279,770
	<u>4,938,380</u>	<u>3,654,063</u>	<u>8,592,443</u>
Less accumulated depreciation			
Infrastructure	(613,073)	(272,479)	(885,552)
Park equipment	(167,862)	(27,977)	(195,839)
	<u>(780,935)</u>	<u>(300,456)</u>	<u>(1,081,391)</u>
Subtotal depreciable capital assets, net	<u>4,157,445</u>	<u>3,353,607</u>	<u>7,511,052</u>
Capital assets, net	<u>\$ 20,282,677</u>	<u>\$ 2,397,898</u>	<u>\$ 22,680,575</u>

Depreciation expense for the current year was \$300,456.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of flood control, drainage, park and road facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ. The District does not record the capital asset and related liability on the government wide statements until construction of the facilities is complete.

Changes in amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 1,167,693
Developer reimbursements	(991,690)
Developer funded construction and adjustments	991,690
Due to developers, end of year	<u>\$ 1,167,693</u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately \$392,755 which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and audited by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Landscaping along LJ Parkway from Milwood to Levee	\$ 124,075	\$ -	\$ 124,075
Landscaping for Lost Creek Section 1	102,475	61,843	40,632
Landscaping for pump station	166,205	128,939	37,266
	<u>\$ 392,755</u>	<u>\$ 190,782</u>	<u>\$ 201,973</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 31,545,000
Unamortized discounts	(758,581)
	<u>\$ 30,786,419</u>
Due within one year	<u>\$ 815,000</u>

The District’s bonds payable at July 31, 2015, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2009	\$ 3,865,000	\$ 4,260,000	4.80%-6.00%	September 1, 2011 to 2033	September 1, March 1	September 1, 2018
2012 Road	6,345,000	6,500,000	2.25%-4.20%	September 1, 2014 to 2036	September 1, March 1	September 1, 2021
2012A	6,035,000	6,210,000	2.00%-3.625%	September 1, 2014 to 2035	September 1, March 1	September 1, 2021
2013	10,000,000	10,000,000	3.25%-5.00%	September 1, 2015 to 2037	September 1, March 1	September 1, 2021
2014 Road	5,300,000	5,300,000	3.00%-3.75%	September 1, 2015 to 2039	September 1, March 1	September 1, 2022
	<u>\$ 31,545,000</u>					

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 7 – Long-Term Debt (continued)

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At July 31, 2015, the District had \$28,730,000 unlimited tax levee improvement bonds authorized, but unissued for flood control levee and drainage facilities within the District and \$9,500,000 for parks and recreational facilities.

On October 28, 2014, the District issued its \$5,300,000 Series 2014 Unlimited Tax Road Improvement Bonds at a net effective interest rate of 3.551595% to finance the District's share of costs for regional road and improvement projects and to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

The change in the District's long term debt during the year is as follows:

Bonds payable, beginning of year	\$ 26,685,000
Bonds issued	5,300,000
Bonds retired	(440,000)
Bonds payable, end of year	<u>\$ 31,545,000</u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 7 – Long-Term Debt (continued)

As of July 31, 2015, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2016	\$ 815,000	\$ 1,234,274	\$ 2,049,274
2017	875,000	1,208,721	2,083,721
2018	915,000	1,181,602	2,096,602
2019	960,000	1,153,168	2,113,168
2020	1,005,000	1,122,793	2,127,793
2021	1,055,000	1,089,492	2,144,492
2022	1,105,000	1,052,937	2,157,937
2023	1,155,000	1,013,874	2,168,874
2024	1,210,000	972,139	2,182,139
2025	1,270,000	926,630	2,196,630
2026	1,340,000	877,070	2,217,070
2027	1,390,000	823,692	2,213,692
2028	1,470,000	766,203	2,236,203
2029	1,535,000	704,433	2,239,433
2030	1,615,000	638,268	2,253,268
2031	1,695,000	567,481	2,262,481
2032	1,770,000	492,212	2,262,212
2033	1,870,000	411,718	2,281,718
2034	1,950,000	326,233	2,276,233
2035	1,700,000	246,430	1,946,430
2036	1,780,000	172,298	1,952,298
2037	1,420,000	102,348	1,522,348
2038	1,005,000	47,249	1,052,249
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 31,545,000</u>	<u>\$ 17,155,452</u>	<u>\$ 48,700,452</u>

Note 8 – Property Taxes

On May 12, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. On November 6, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for maintenance of road facilities limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Fort Bend Central 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.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2015 fiscal year was financed through the 2014 tax levy, pursuant to which the District levied property taxes of \$0.80 per \$100 of assessed value, of which \$0.27 was allocated to maintenance and operations, \$0.35 was allocated to levee debt service and \$0.18 was allocated to road debt service. The resulting tax levy was \$3,332,650 on the adjusted taxable value of \$416,581,330.

Property taxes receivable, at July 31, 2015, consisted of the following:

Current year taxes receivable	\$ 20,489
Prior years taxes receivable	4,013
	<u>24,502</u>
Penalty and interest receivable	5,484
Property taxes receivable	<u><u>\$ 29,986</u></u>

Note 9 – Maintenance Agreement for Recreational Facilities with Riverstone Homeowners Association

On August 24, 2009, the District entered into an agreement (the “Agreement”) with Riverstone Homeowners Association (the “HOA”). Under the Agreement, the District agrees to grant the HOA the right to use, operate, maintain, manage and administer the portion of the facilities that serve public recreational purposes so long as the purposes do not interfere with the District’s use of the facilities for detention or drainage purposes. During the term of the Agreement, the HOA shall manage the grounds keeping and landscaping maintenance needed on the facilities. The District will pay \$48,000 to the HOA annually to defray the HOA’s cost of maintaining the facilities. The initial term of the Agreement is for two years and will be automatically renewed for like terms thereafter unless written notice is received by either party.

Note 10 – Maintenance Agreement for Regional Pump Station

On July 28, 2014, the District entered into a Maintenance Agreement for Regional Pump Station (the “Agreement”) with Fort Bend County Levee Improvement District No. 15 (“LID 15”). The Agreement outlines the ownership, operation, maintenance and repair of the jointly constructed regional Steep Bank Creek storm water pump station (the “Pump Station”). The District has agreed to operate, maintain and repair the Pump Station for the benefit of the Districts. Each District agrees to share in all operating, maintenance and repair costs (the “Operating Expenses”) in accordance with each District’s pro rata share.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2015

Note 10 – Maintenance Agreement for Regional Pump Station (continued)

The District bills LID 15 on a quarterly basis for its portion of operating expenses incurred. During the current year, the District incurred operating expenses of \$40,333, of which \$21,941 was billed to LID 15, for a net expense to the District of \$18,392.

Note 11 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 – Subsequent Event

On August 24, 2015, the District entered into a Cost Sharing Agreement for Regional Recreational Facilities (the “Agreement”) with LID 15. The Districts have determined that all of the recreational facilities designed, constructed or financed by each District are best suited to serve and benefit all of the property within LID 15 and the District. The Districts have agreed that the cost to design, construct and finance these facilities should be shared by the District’s pursuant to their pro rata share of acreage within Riverstone. In order to properly and fairly allocate costs for existing recreational facilities, LID 15 will convey and the District will assume financial responsibility for recreational facilities in the amount of \$2,212,145.

Required Supplementary Information

Fort Bend County Levee Improvement District No. 19
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 1,000,000	\$ 1,067,750	\$ 1,123,334	\$ 55,584
Miscellaneous	20,000	20,000	17,100	(2,900)
Investment earnings	5,000	5,000	4,722	(278)
Total Revenues	1,025,000	1,092,750	1,145,156	52,406
Expenditures				
Operating and administrative				
Professional fees	95,950	95,950	94,115	1,835
Contracted services	79,800	79,800	87,025	(7,225)
Repairs and maintenance	345,163	345,163	315,690	29,473
Administrative	35,115	57,115	35,485	21,630
Other	18,875	18,875	16,199	2,676
Joint pump station	15,960	15,960	18,392	(2,432)
Capital outlay			5,859	(5,859)
Total Expenditures	590,863	612,863	572,765	40,098
Revenues Over Expenditures	434,137	479,887	572,391	92,504
Other Financing Sources				
Internal transfers			(430,045)	(430,045)
Net Change in Fund Balance	434,137	479,887	142,346	(337,541)
Fund Balance				
Beginning of the year	3,062,072	3,062,072	3,062,072	
End of the year	\$ 3,496,209	\$ 3,541,959	\$ 3,204,418	\$ (337,541)

Fort Bend County Levee Improvement District No. 19
Notes to Required Supplementary Information
July 31, 2015

Budgets and Budgetary Accounting

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 budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Fort Bend County Levee Improvement District No. 19
TSI-1. Services and Rates
July 31, 2015

1. Services provided by the District During the Fiscal Year:

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Flood Control | <input checked="" type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input type="checkbox"/> Other (Specify): _____ | | | |

2. Retail Service Providers N/A
 (You may omit this information if your district does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Fort Bend County Levee Improvement District No. 19
TSI-1. Services and Rates
July 31, 2015

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
 (You may omit this information if your district does not provide water)

Gallons pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </u>

4. Standby Fees (authorized only under TWC Section 49.231):
 (You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District (required for first audit year or when information changes,
 otherwise this information may be omitted):

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: City of Missouri City

Is the District located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which the District is located: City of Missouri City

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? Fort Bend County Commissioner's Court

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
TSI-2 General Fund Expenditures
For the Year Ended July 31, 2015*

Professional fees		
Legal	\$	67,200
Audit		10,500
Engineering		16,415
		<u>94,115</u>
Contracted services		
Bookkeeping		16,780
Operator		70,245
		<u>87,025</u>
Repairs and maintenance		<u>315,690</u>
Administrative		
Directors fees		9,600
Printing and office supplies		993
Insurance		8,730
Other		16,162
		<u>35,485</u>
Other		<u>16,199</u>
Joint pump station		<u>18,392</u>
Capital outlay		<u>5,859</u>
Total expenditures	\$	<u><u>572,765</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-3. Investments
July 31, 2015

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General					
TexPool	7920200002	Variable	N/A	\$ 869,111	\$ -
Certificate of deposit	530718	0.35%	3/5/16	244,097	346
				<u>1,113,208</u>	<u>346</u>
Debt Service					
TexPool	7920200003	Variable	N/A	1,373,570	
TexPool	7920200007	Variable	N/A	840,911	
Certificate of deposit	4147900	0.40%	2/25/16	242,257	82
				<u>2,456,738</u>	<u>82</u>
Capital Projects					
TexPool	7920200006	Variable	N/A	132,550	
TexPool	7920200009	Variable	N/A	301,831	
TexPool	7920200010	Variable	N/A	2,892,558	
				<u>3,326,939</u>	
Total - All Funds				<u>\$ 6,896,885</u>	<u>\$ 428</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-4. Taxes Levied and Receivable
July 31, 2015

	Maintenance Taxes	Levee Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 7,567	\$ 7,796	\$ 2,678	\$ 18,041
2014 Original Tax Levy	944,538	1,224,402	629,692	2,798,632
Adjustments	180,231	233,633	120,154	534,018
Adjusted Tax Levy	1,124,769	1,458,035	749,846	3,332,650
Total to be accounted for	1,132,336	1,465,831	752,524	3,350,691
Tax collections				
Current year	1,117,855	1,449,071	745,236	3,312,162
Prior years	5,479	6,272	2,276	14,027
Total Collections	1,123,334	1,455,343	747,512	3,326,189
Taxes Receivable, End of Year	\$ 9,002	\$ 10,488	\$ 5,012	\$ 24,502
Taxes Receivable, By Years				
2014	\$ 6,915	\$ 8,964	\$ 4,610	\$ 20,489
2013	774	899	325	1,998
2012	286	157	77	520
2011 and prior	1,027	468		1,495
Taxes Receivable, End of Year	\$ 9,002	\$ 10,488	\$ 5,012	\$ 24,502
	2014	2013	2012	2011
Property Valuations				
Land	\$ 91,372,318	\$ 75,308,520	\$ 60,026,870	\$ 47,534,770
Improvements	327,594,210	229,626,270	161,182,480	119,274,980
Personal Property	3,449,529	1,680,094	1,738,399	1,201,160
Exemptions	(5,834,727)	(2,349,064)	(2,132,062)	(1,604,420)
Total Property Valuations	\$ 416,581,330	\$ 304,265,820	\$ 220,815,687	\$ 166,406,490
Tax Rates per \$100 Valuation				
Maintenance tax rates	\$ 0.27	\$ 0.31	\$ 0.44	\$ 0.59
Levee debt service tax rates	0.35	0.36	0.24	0.21
Road debt service tax rates	0.18	0.13	0.12	
Total Tax Rates per \$100 Valuation	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Adjusted Tax Levy	\$ 3,332,650	\$ 2,434,127	\$ 1,766,525	\$ 1,331,252
Percentage of Taxes Collected to Taxes Levied **	99.39%	99.92%	99.97%	99.96%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on May 12, 2007

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 6, 2007

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

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2009--by Years
July 31, 2015

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 115,000	\$ 216,895	\$ 331,895
2017	120,000	211,255	331,255
2018	130,000	205,255	335,255
2019	135,000	198,895	333,895
2020	145,000	192,030	337,030
2021	155,000	184,375	339,375
2022	165,000	175,890	340,890
2023	170,000	166,760	336,760
2024	180,000	157,045	337,045
2025	195,000	146,448	341,448
2026	205,000	134,945	339,945
2027	215,000	122,550	337,550
2028	230,000	109,200	339,200
2029	245,000	94,950	339,950
2030	260,000	79,800	339,800
2031	275,000	63,750	338,750
2032	290,000	46,800	336,800
2033	310,000	28,800	338,800
2034	325,000	9,750	334,750
	<u>\$ 3,865,000</u>	<u>\$ 2,545,393</u>	<u>\$ 6,410,393</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-5. Long-Term Debt Service Requirements
 Series 2012 Road--by Years
 July 31, 2015*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 165,000	\$ 224,885	\$ 389,885
2017	175,000	221,060	396,060
2018	180,000	217,066	397,066
2019	190,000	212,904	402,904
2020	200,000	208,266	408,266
2021	210,000	202,879	412,879
2022	220,000	196,691	416,691
2023	230,000	189,826	419,826
2024	245,000	182,219	427,219
2025	255,000	173,841	428,841
2026	270,000	164,781	434,781
2027	280,000	155,017	435,017
2028	295,000	144,519	439,519
2029	310,000	133,249	443,249
2030	325,000	121,180	446,180
2031	345,000	108,024	453,024
2032	360,000	93,924	453,924
2033	380,000	79,124	459,124
2034	395,000	63,377	458,377
2035	415,000	46,514	461,514
2036	440,000	28,560	468,560
2037	460,000	9,660	469,660
	<u>\$ 6,345,000</u>	<u>\$ 3,177,566</u>	<u>\$ 9,522,566</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2012A --by Years
July 31, 2015

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 185,000	\$ 184,825	\$ 369,825
2017	190,000	181,075	371,075
2018	200,000	177,175	377,175
2019	210,000	173,075	383,075
2020	215,000	168,691	383,691
2021	225,000	163,594	388,594
2022	235,000	157,550	392,550
2023	245,000	150,644	395,644
2024	255,000	143,144	398,144
2025	265,000	135,178	400,178
2026	280,000	126,663	406,663
2027	290,000	117,575	407,575
2028	305,000	107,906	412,906
2029	315,000	97,634	412,634
2030	330,000	86,750	416,750
2031	345,000	75,144	420,144
2032	355,000	62,894	417,894
2033	375,000	50,119	425,119
2034	390,000	36,731	426,731
2035	405,000	22,566	427,566
2036	420,000	7,613	427,613
	<u>\$ 6,035,000</u>	<u>\$ 2,426,546</u>	<u>\$ 8,461,546</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2013 --by Years
July 31, 2015

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 240,000	\$ 432,769	\$ 672,769
2017	255,000	424,106	679,106
2018	265,000	415,006	680,006
2019	280,000	405,469	685,469
2020	295,000	395,406	690,406
2021	310,000	384,819	694,819
2022	325,000	373,706	698,706
2023	340,000	362,494	702,494
2024	355,000	350,756	705,756
2025	375,000	337,513	712,513
2026	395,000	322,581	717,581
2027	410,000	306,225	716,225
2028	435,000	288,253	723,253
2029	455,000	268,500	723,500
2030	480,000	247,163	727,163
2031	500,000	224,500	724,500
2032	525,000	200,469	725,469
2033	555,000	174,125	729,125
2034	580,000	145,750	725,750
2035	610,000	116,000	726,000
2036	640,000	84,750	724,750
2037	670,000	52,000	722,000
2038	705,000	17,624	722,624
	<u>\$ 10,000,000</u>	<u>\$ 6,329,984</u>	<u>\$ 16,329,984</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road --by Years
July 31, 2015

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 110,000	\$ 174,900	\$ 284,900
2017	135,000	171,225	306,225
2018	140,000	167,100	307,100
2019	145,000	162,825	307,825
2020	150,000	158,400	308,400
2021	155,000	153,825	308,825
2022	160,000	149,100	309,100
2023	170,000	144,150	314,150
2024	175,000	138,975	313,975
2025	180,000	133,650	313,650
2026	190,000	128,100	318,100
2027	195,000	122,325	317,325
2028	205,000	116,325	321,325
2029	210,000	110,100	320,100
2030	220,000	103,375	323,375
2031	230,000	96,063	326,063
2032	240,000	88,125	328,125
2033	250,000	79,550	329,550
2034	260,000	70,625	330,625
2035	270,000	61,350	331,350
2036	280,000	51,375	331,375
2037	290,000	40,688	330,688
2038	300,000	29,625	329,625
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 5,300,000</u>	<u>\$ 2,675,963</u>	<u>\$ 7,975,963</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2015

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 815,000	\$ 1,234,274	\$ 2,049,274
2017	875,000	1,208,721	2,083,721
2018	915,000	1,181,602	2,096,602
2019	960,000	1,153,168	2,113,168
2020	1,005,000	1,122,793	2,127,793
2021	1,055,000	1,089,492	2,144,492
2022	1,105,000	1,052,937	2,157,937
2023	1,155,000	1,013,874	2,168,874
2024	1,210,000	972,139	2,182,139
2025	1,270,000	926,630	2,196,630
2026	1,340,000	877,070	2,217,070
2027	1,390,000	823,692	2,213,692
2028	1,470,000	766,203	2,236,203
2029	1,535,000	704,433	2,239,433
2030	1,615,000	638,268	2,253,268
2031	1,695,000	567,481	2,262,481
2032	1,770,000	492,212	2,262,212
2033	1,870,000	411,718	2,281,718
2034	1,950,000	326,233	2,276,233
2035	1,700,000	246,430	1,946,430
2036	1,780,000	172,298	1,952,298
2037	1,420,000	102,348	1,522,348
2038	1,005,000	47,249	1,052,249
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 31,545,000</u>	<u>\$ 17,155,452</u>	<u>\$ 48,700,452</u>

See accompanying auditors' report.

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Fort Bend County Levee Improvement District No. 19
TSI-6. Change in Long-Term Bonded Debt
July 31, 2015

	Bond Issue			
	Series 2009	Series 2012 Road	Series 2012A	Series 2013
Interest rate	4.80% - 6.00%	2.25% - 4.20%	2.00% - 3.625%	3.25% - 5.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/11 - 9/1/33	9/1/14 - 9/1/36	9/1/14 - 9/1/35	9/1/15 - 9/1/37
Beginning bonds outstanding	\$ 3,975,000	\$ 6,500,000	\$ 6,210,000	\$ 10,000,000
Bonds issued				
Bonds retired	(110,000)	(155,000)	(175,000)	
Ending bonds outstanding	<u>\$ 3,865,000</u>	<u>\$ 6,345,000</u>	<u>\$ 6,035,000</u>	<u>\$ 10,000,000</u>
Interest paid during fiscal year	<u>\$ 222,295</u>	<u>\$ 228,485</u>	<u>\$ 188,425</u>	<u>\$ 436,969</u>
Paying agent's name and city				
Series 2009	Wells Fargo Bank., N.A., Houston, Texas			
Series 2012, 2012A, and 2013	The Bank of New York Mellon Trust Company, N.A.			
Series 2014	Amegy Bank National Association			
Bond Authority:	Flood Control and Drainage Bonds	Parks and Recreational Facilities Bonds	Road Bonds	
Amount Authorized by Voters	\$ 49,200,000	\$ 9,500,000	\$ 11,800,000	
Amount Issued	(20,470,000)		(11,800,000)	
Remaining To Be Issued	<u>\$ 28,730,000</u>	<u>\$ 9,500,000</u>	<u>\$</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balances as of July 31, 2015:	<u>\$ 2,503,120</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 1,948,018</u>

See accompanying auditors' report.

Bond Issue	
Series 2014	
Road	Totals
3.00% - 3.75%	
9/1; 3/1	
9/1/15 - 9/1/39	
\$ -	\$ 26,685,000
5,300,000	5,300,000
	(440,000)
<u>\$ 5,300,000</u>	<u>\$ 31,545,000</u>
<u>\$ 73,562</u>	<u>\$ 1,149,736</u>

Fort Bend County Levee Improvement District No. 19
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2015	2014	2013	2012	2011
Revenues					
Property taxes	\$ 1,123,334	\$ 940,376	\$ 983,274	\$ 998,035	\$ 750,576
Intergovernmental		600,000	1,800,000		
Miscellaneous	17,100	24,914	25,300	21,650	16,400
Investment earnings	4,722	5,374	4,698	2,582	1,398
Total Revenues	<u>1,145,156</u>	<u>1,570,664</u>	<u>2,813,272</u>	<u>1,022,267</u>	<u>768,374</u>
Expenditures					
Operating and administrative					
Professional fees	94,115	91,460	103,366	98,586	75,166
Contracted services	87,025	94,485	93,634	47,515	32,196
Repairs and maintenance	315,690	152,936	155,217	149,115	166,432
Administrative	35,485	31,937	23,713	27,858	23,038
Other	16,199	7,010	2,520	2,500	2,488
Joint pump station	18,392				
Capital outlay	5,859	217,754	1,746,342		
Total Expenditures	<u>572,765</u>	<u>595,582</u>	<u>2,124,792</u>	<u>325,574</u>	<u>299,320</u>
Revenues Over Expenditures	<u>\$ 572,391</u>	<u>\$ 975,082</u>	<u>\$ 688,480</u>	<u>\$ 696,693</u>	<u>\$ 469,054</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2015	2014	2013	2012	2011
99%	60%	35%	98%	98%
	38%	64%		
1%	2%	1%	2%	2%
*	*	*	*	*
100%	100%	100%	100%	100%
8%	6%	4%	10%	10%
8%	6%	3%	5%	4%
28%	10%	6%	15%	22%
3%	2%	1%	3%	3%
1%	*	*	*	*
2%				
1%	14%	62%		
51%	38%	76%	33%	39%
49%	62%	24%	67%	61%

Fort Bend County Levee Improvement District No. 19
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2015	2014	2013	2012	2011
Revenues					
Property taxes	\$ 2,202,856	\$ 1,483,890	\$ 800,244	\$ 354,448	\$ 232,126
Penalties and interest	13,493	6,870	3,906	12,846	14,657
Accrued interest on bonds sold	13,241	21,848	25,052		
Miscellaneous		25	25	50	
Investment earnings	2,603	2,874	3,414	2,635	4,602
Total Revenues	<u>2,232,193</u>	<u>1,515,507</u>	<u>832,641</u>	<u>369,979</u>	<u>251,385</u>
Expenditures					
Tax collection services	47,206	35,338	27,192	26,183	24,502
Other		2,500			
Debt service					
Principal	440,000	100,000	95,000	90,000	
Interest and fees	1,151,736	758,481	446,055	236,955	239,115
Total Expenditures	<u>1,638,942</u>	<u>896,319</u>	<u>568,247</u>	<u>353,138</u>	<u>263,617</u>
Revenues Over (Under) Expenditures	<u>\$ 593,251</u>	<u>\$ 619,188</u>	<u>\$ 264,394</u>	<u>\$ 16,841</u>	<u>\$ (12,232)</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2015	2014	2013	2012	2011
98%	99%	97%	96%	92%
1%	*	*	3%	6%
1%	1%	3%		
	*	*	*	
*	*	*	1%	2%
100%	100%	100%	100%	100%
2%	2%	3%	7%	10%
	*			
20%	7%	11%	24%	
52%	50%	54%	64%	95%
74%	59%	68%	95%	105%
26%	41%	32%	5%	-5%

**Fort Bend County Levee Improvement District No. 19
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2015**

Complete District Mailing Address: 16555 Southwest Freeway, Suite 200, Sugar Land, TX 77479
 District Business Telephone Number: (281) 500-6050
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): April 28, 2014
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid *</u>	<u>Expense Reimburse- ments</u>	<u>Title at Year End</u>
Board Members				
J. Michael Dinges	10/14 to 10/18	\$ 5,550	\$ 985	President
Kolbe Curtice	10/14 to 10/18	2,400	10	Vice President/ Assistant Secretary
Robert Walters	10/14 to 10/18	1,650		Secretary
Consultants				
		<u>Amounts Paid</u>		
The Muller Law Group, PLLC	2014	\$ 235,824		Attorney
Levee Management Services, LLC	2012	122,858		Operator
AVANTA Services	2006	18,710		Bookkeeper
Esther Flores, RTA, d.b.a. Tax Tech, Inc.	2006	22,160		Tax Collector
Fort Bend Central Appraisal District	Annual	19,798		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LP	2007	2,945		Delinquent Tax Attorney
Costello, Inc.	2006	439,702		Engineer
McGrath & Co., PLLC	Annual	15,950		Auditor
Robert W. Baird & Co., Inc.	2015			Financial Advisor
RBC Capital Markets	2006	108,498		Former Financial Financial
TBG Partners	2007			Landscape Architect

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.