

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 218
(Fort Bend County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: JULY 14, 2025

\$5,190,000
UNLIMITED TAX BONDS
SERIES 2025

BIDS FOR THE BONDS TO BE SUBMITTED BY: 10:15 A.M., CENTRAL TIME
MONDAY, AUGUST 11, 2025

BONDS TO BE AWARDED BY: 12:00 P.M. CENTRAL TIME
MONDAY, AUGUST 11, 2025



Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED JULY 14, 2025

This Preliminary Official Statement is subject to completion and amendment as provided in the Official Notice of Sale and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE “LEGAL MATTERS” and “TAX MATTERS” HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS—Qualified Tax-Exempt Obligations” herein.

NEW ISSUE – Book Entry Only

Moody’s Investors Service, Inc. (Underlying) “Baa3”

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 218

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

**\$5,190,000
Unlimited Tax Bonds
Series 2025**

Dated: September 1, 2025

Due: September 1, as shown on inside cover

Interest Accrues: Date of Delivery

The \$5,190,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are obligations solely of Fort Bend County Municipal Utility District No. 218 (the “District”) and are not obligations of Fort Bend County, Texas; the City of Rosenberg, Texas; the State of Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of Fort Bend County, Texas; the City of Rosenberg, Texas; the State of Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Interest on the Bonds accrues from the initial date of delivery (expected to be on or about September 11, 2025) (the “Date of Delivery”), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months.

The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), acting as securities depository for the Bonds until DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated Zions Bancorporation, National Association, Houston, Texas, as the initial paying agent/registrar (the “Paying Agent/Registrar”) for the Bonds.

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS” on inside cover.

The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the “Utility System”). See “THE BONDS—Authority for Issuance.”

When issued, the Bonds will constitute valid and legally binding obligations of the District and will be payable from the proceeds of continuing direct ad valorem tax, without legal limit as to rate or amount, levied annually by the District against all taxable property located within the District. See “THE BONDS—Source of Payment.” A prospective purchaser should review this entire Official Statement, including particularly the section of this Official Statement entitled “INVESTMENT CONSIDERATIONS,” before making an investment decision.

The Bonds are offered, when, as and if issued by the District and accepted by the winning bidder of the Bonds (the “Initial Purchaser”), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about September 11, 2025.

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

\$5,190,000 Unlimited Tax Bonds, Series 2025

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2026	\$ 125,000		%	%	2038	\$ 210,000	(c)	%	%
2027	120,000				2039	220,000	(c)		
2028	130,000				2040	230,000	(c)		
2029	135,000				2041	240,000	(c)		
2030	140,000				2042	255,000	(c)		
2031	150,000	(c)			2043	265,000	(c)		
2032	155,000	(c)			2044	280,000	(c)		
2033	165,000	(c)			2045	295,000	(c)		
2034	170,000	(c)			2046	310,000	(c)		
2035	180,000	(c)			2047	325,000	(c)		
2036	190,000	(c)			2048	340,000	(c)		
2037	200,000	(c)			2049	360,000	(c)		

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for a subsequent purchaser. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be assigned to this issue by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in Rule 15c2-12.

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and 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 Coats Rose, P.C. 9 Greenway Plaza, Suite 1000, Houston, Texas, 77046, for further information.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT—Updating of Official Statement."

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by _____ (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" at a price of _____% of the par value thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

The prices and other terms 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 reoffering 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 United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer and fees charged by rating companies, other than Moody's Investors Service, Inc. ("Moody's"), if applicable, shall be at the option and expense of the Initial Purchaser.

MUNICIPAL BOND RATING

Moody's has assigned an underlying credit rating of "Baa3" 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. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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 information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in the Official Statement. The offering of the Bonds (herein defined) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

<i>The Issuer</i>	Fort Bend County Municipal Utility District No. 218 (the “District”), a political subdivision of the State of Texas, is located within Fort Bend County, Texas. See “THE DISTRICT—General” and “THE DISTRICT—Description and Location.”
<i>Description of the Bonds.....</i>	The \$5,190,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are dated September 1, 2025, and mature on September 1 in each of the years and principal amounts set forth on the inside cover page hereof. Interest accrues from the initial date of delivery expected to be on or about September 11, 2025 (the “Date of Delivery”), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one maturity. See “THE BONDS—General.”
<i>Redemption Provisions.....</i>	Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2030, and any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS—Redemption Provisions.”
<i>Payment Record.....</i>	The District has previously issued three series of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the “Utility System”) and two series of unlimited tax road bonds for the purpose of acquiring or constructing roads within the District (the “Road System”). Of such series of bonds, \$26,285,000 will remain outstanding as of the Date of Delivery (the “Outstanding Bonds”). The District has never defaulted on its debt obligations. See “THE BONDS—Outstanding Bonds.”
<i>Source of Payment.....</i>	The Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limit as to rate or amount, levied annually by the District against all taxable property located within the District. The Bonds are obligations solely of the District, and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Rosenberg, Texas, or any entity other than the District. See “THE BONDS—Source of Payment.”

<i>Authority for Issuance</i>	<p>The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the Utility System. Voters in the District have authorized a total of \$140,000,000 principal amount of unlimited tax bonds for the Utility System. Following the issuance of the Bonds, \$116,215,000 principal amount of unlimited tax bonds for the Utility System will remain authorized and unissued.</p> <p>The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”); an order of the District’s Board of Directors (the “Board”) authorizing the issuance of the Bonds (the “Bond Order”); an election held within the District on May 5, 2018; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended.</p> <p>See “THE BONDS—Authority for Issuance” and “THE BONDS—Issuance of Additional Debt.”</p>
<i>Use of Bond Proceeds</i>	<p>Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for impact fees to the City of Rosenberg, Texas and construction of water, wastewater and drainage facilities to serve Sunset Crossing, Section 7 as set out herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” Proceeds of the Bonds will also be used to pay developer interest, and certain costs associated with the issuance of the Bonds.</p>
<i>Qualified Tax-Exempt Obligations</i>	<p>The Bonds will be designated as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”</p>
<i>Municipal Bond Insurance</i>	<p>The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer and fees charged by rating companies, other than Moody’s Investors Service, Inc. (“Moody’s”), if applicable, shall be at the option and expense of the Initial Purchaser.</p>
<i>Rating</i>	<p>Moody’s has assigned an underlying rating of “Baa3” to the Bonds. See “MUNICIPAL BOND INSURANCE” and “MUNICIPAL BOND RATING.”</p>
<i>Bond Counsel</i>	<p>Coats Rose, P.C., Houston, Texas.</p>
<i>Disclosure Counsel</i>	<p>McCall, Parkhurst & Horton L.L.P., Houston, Texas.</p>
<i>Financial Advisor</i>	<p>Robert W. Baird & Co. Incorporated, Houston, Texas.</p>
<i>District Engineer</i>	<p>Pape-Dawson Engineers, Inc., Houston, Texas.</p>

THE DISTRICT

<i>The Issuer</i>	The District was created pursuant to Article XVI, Section 59 of the Constitution of the State of Texas and Chapters 49 and 54 of the Texas Water Code, as amended, by House Bill 4126, 84 th Texas Legislature, Regular Session, 2015, codified as Chapter 7927, Special District Local Laws Code. See “THE DISTRICT—General.”
<i>Location and Description</i>	The District contains approximately 270.319 acres of land and is being developed as Sunset Crossing and Aminabad Colony, both single family residential communities. The District is located in central Fort Bend County, Texas, approximately 4 miles southeast of downtown Rosenberg at the intersection of Minonite Road (F.M. 2977) and Bryan Road. The District is located entirely within Fort Bend County, Texas, entirely within the extraterritorial jurisdiction of the City of Rosenberg, Texas, and within Lamar Consolidated Independent School District. See “THE DISTRICT—Description and Location.” The District, as it was originally created, included approximately 247 acres. Since the creation of the District there has been two (2) annexations totaling approximately 23 acres and no exclusions of property within the District. The District currently includes approximately 270 acres, all within the extraterritorial jurisdiction of the City.
<i>The Developer</i>	The developer of land within Sunset Crossing is D.R. Horton – Texas, Ltd., a Texas limited partnership (“D.R. Horton” or the “Developer”), which is a subsidiary of D.R. Horton, Inc., a publicly traded corporation. See “THE DEVELOPER.”
<i>Development within the District</i>	Approximately 246.89 acres (802 lots and 1 recreation center) within the District have been developed as the single-family residential subdivision of Sunset Crossing, Sections 1-8. As of July 1, 2025, the District consisted of 802 complete and occupied homes and 0 unoccupied homes. The remaining land within the District consists of approximately 23.429 undeveloped but developable acres. The approximately 23.429 undeveloped but developable acres within the District is owned by Aminabad Investments Group LLC, a Texas limited liability company (“Aminabad Investments”). Aminabad Investments is anticipated to develop such acreage as the single-family residential subdivision of Aminabad Colony. As of the date hereof, construction within Aminabad Colony has not commenced. See “DEVELOPMENT WITHIN THE DISTRICT.”
<i>Homebuilder Within the District</i>	D.R. Horton was the sole homebuilder within Sunset Crossing but there are no additional vacant developed lots available for construction. Prices of new homes constructed within Sunset Crossing range from approximately \$320,000 to in excess of approximately \$381,000. Homes range in square footage from approximately 1,228 square feet to more than approximately 2,733 square feet. Aminabad Investments is anticipated to be the sole homebuilder within Aminabad Colony. See “DEVELOPMENT WITHIN THE DISTRICT—Homebuilder Within the District.”

INVESTMENT CONSIDERATIONS

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

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**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2024 Taxable Assessed Valuation.....	\$ 251,204,665	(a)
2025 Preliminary Taxable Assessed Valuation	\$ 255,451,637	(b)
Direct Debt:		
Outstanding Bonds.....	\$ 26,285,000	
The Bonds	<u>\$ 5,190,000</u>	
Total.....	\$ 31,475,000	
Estimated Overlapping Debt	<u>\$ 26,801,860</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 58,276,860	(c)
Direct Debt Ratio:		
As a percentage of 2024 Taxable Assessed Valuation.....	12.53	%
As a percentage of Estimated 2025 Preliminary Taxable Assessed Valuation	12.32	%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2024 Taxable Assessed Valuation.....	23.20	%
As a percentage of 2025 Preliminary Taxable Assessed Valuation	22.81	%
2024 Tax Rate:		
Utility System Debt Service	\$0.6100	
Road System Debt Service	0.2300	
Maintenance & Operation	<u>0.3375</u>	
Total.....	\$1.1775	
Utility System Debt Service Fund (as of July 14, 2025).....	\$ 1,816,914	(d)
Road System Debt Service Fund (as of July 14, 2025)	\$ 816,139	(e)
Utility System Capital Projects Fund (as of July 14, 2025)	\$ 295,154	
Road System Capital Projects Fund (as of July 14, 2025).....	\$ 66,242	
Operating Fund (as of July 14, 2025)	\$ 2,902,029	
Average Annual Debt Service Requirement (2026-2049).....	\$ 1,982,352	(f)
Maximum Annual Debt Service Requirement (2046).....	\$ 2,177,213	(f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay		
Average Annual Debt Service Requirement (2026-2049) at 95% Tax Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.84	
Based on 2025 Preliminary Taxable Assessed Valuation	\$0.82	
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2046) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.92	
Based on 2025 Preliminary Taxable Assessed Valuation	\$0.90	

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2024, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). This amount includes \$1,996,785 of uncertified value, which represents 88% of the total uncertified value provided by the Appraisal District which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as the preliminary value as of January 1, 2025. This value represents the preliminary determination of the taxable value in the District as of January 1, 2025, provided by the Appraisal District. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund.
- (e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System, including the Bonds.
- (f) Requirement of debt service on the Outstanding Bonds and the Bonds. Debt service on the Bonds is an estimate based on the Bonds being sold at an average annual interest rate of 5.00%. See "DISTRICT DEBT—Pro-Forma Debt Service Requirements."

OFFICIAL STATEMENT
relating to

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 218

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

\$5,190,000
Unlimited Tax Bonds
Series 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 218 (the “District”) of its \$5,190,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”); an order of the District’s Board of Directors (the “Board”) authorizing the issuance of the Bonds (the “Bond Order”); an election held within the District on May 5, 2018; Article XVI, Section 59 of the Texas Constitution; and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances and the Developer (as defined herein). ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 or during the offering period from the District’s Financial Advisor, Robert W. Baird & Co., Incorporated, 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The Bonds will be dated September 1, 2025 with interest accruing from the initial date of delivery on or about September 11, 2025 (the “Date of Delivery”) and payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until maturity or earlier redemption and will be calculated on the basis of a 360-day year comprised of twelve thirty-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denomination of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York (“DTC”), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to a purchaser in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Zions Bancorporation, National Association, in Houston, Texas (the “Paying Agent/Registrar”).

Redemption Provisions

The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2030, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the

sufficiency of notice given to the registered owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular maturities of the Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such series maturity to be redeemed by lot.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner of the Bonds (the "Bondholder(s)"). 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 series and 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 or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each Interest Payment Date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

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

Outstanding Bonds

The District has previously issued three series of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and two series of unlimited tax road bonds for the purpose of acquiring or constructing roads within the District (the "Road System"). Of such series of bonds, \$26,285,000 will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds, the Outstanding Bonds, and any parity bonds hereinafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, Texas, the City of Rosenberg, Texas (the "City"), or any other political subdivision or any entity other than the District.

Utility System Funds

The Bond Order confirms the creation of the Capital Projects Fund (the "Capital Projects Fund") and the Utility System Debt Service Fund (the "Utility System Debt Service Fund"). Proceeds of the Bonds will be deposited in the Capital Projects Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the Registered Owners of the Outstanding Bonds issued for the Utility System and the Bonds, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Utility System and the Bonds. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System and the Bonds.

Road System Funds

The District also maintains a Road System Debt Service Fund, which constitutes a trust fund for the benefit of the Registered Owners of the Outstanding Bonds issued for the Road System. The Road System Debt Service Fund is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds issued by the District for the Road System. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds issued by the District for the Road System.

Authority for Issuance

The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the Utility System. Voters in the District have authorized a total of \$140,000,000 principal amount of unlimited tax bonds for the Utility System. Following the issuance of the Bonds, \$116,215,000 principal amount of unlimited tax bonds for the Utility System will remain authorized and unissued.

The Bonds are issued pursuant to an order of the TCEQ; the Bond Order; an election held within the District on May 5, 2018; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended. See “THE BONDS—Issuance of Additional Debt.”

Issuance of Additional Debt

At an election held by the District on May 5, 2018, voters in the District authorized the following: \$140,000,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds; \$69,000,000 principal amount of unlimited tax bonds for the Road System and the refunding of such bonds; and \$20,500,000 principal amount of unlimited tax bonds for the construction of parks and recreational facilities to serve the District and the refunding of such bonds.

Following the issuance of the Bonds, \$116,215,000 principal amount of unlimited tax bonds for the Utility System and the refunding of such bonds; \$59,230,000 principal amount of unlimited tax bonds for the Road System and the refunding of such bonds; and \$20,500,000 principal amount of unlimited tax bonds for the construction of parks and recreational facilities to serve the District and the refunding of such bonds will remain authorized but unissued.

The District also has the right to issue certain other additional bonds and other obligations, as described in the Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The Bonds, when issued, will constitute legal, valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. See “THE BONDS—Source of Payment.”

Following the reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately \$9,100,000 for District projects for the Utility System and the Road System, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District’s consulting engineer, Pape-Dawson Engineers, Inc. (the “Engineer”), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities and roads. See “DEVELOPMENT WITHIN THE DISTRICT,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS—Future Debt.”

Registered Owners’ Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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.

Annexation by the City of Rosenberg

Under existing law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City consent ordinance. Under Texas law, a city is authorized to annex property within its extraterritorial jurisdiction and to abolish the municipal utility district in which such property is located, subject to compliance with various requirements of Chapter 43 of the Texas Local Government Code, including the following: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If a city and a municipal utility district existing within the extraterritorial jurisdiction have entered into a strategic partnership, however, the election and petition process specified above does not apply during the term of the agreement. The agreement may provide for a full purpose annexation or a limited purpose annexation. The District has entered into a Strategic Partnership Agreement with the City. See “THE DISTRICT—Strategic Partnership Agreement Between the District and the City of Rosenberg.”

If the City were to successfully annex the property within the District, the City would assume the District’s assets and obligations (including the Bonds) and dissolve the District. The commencement of annexation proceedings by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur. See “THE DISTRICT—Strategic Partnership Agreement Between the District and the City of Rosenberg.”

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Defeasance

The Bond Order provides that the District may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b)

noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC 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 (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the securities. 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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 "AA+" rating from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the SEC. 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect

Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

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 Order will be given only to DTC.

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to reimburse the Developer for a portion of the construction costs set forth below. Proceeds of the Bonds will also be used to pay developer interest and certain costs associated with the issuance of the Bonds.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). 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. Sums may not total due to rounding.

I. CONSTRUCTION COSTS

Water, Wastewater and Drainage to Serve:

Sunset Crossing Section 7	\$ 1,078,816
Sunset Crossing Bryan Road Phase 3	1,457,769
Engineering	661,308
Materials Testing Fees	132,822
Storm Water Pollution Prevention Fees	116,172
Geotechnical Report	45,553
Water Impact Fees	338,062
Total Construction Costs	\$ 3,830,502

II. NON-CONSTRUCTION COSTS

Legal Fees	\$ 143,800
Financial Advisor	103,800
Developer Interest	855,424
Bond Discount (Estimated 3%)	155,700
Bond Issuance Expenses	48,117
Bond Application Report Costs	34,492
Attorney General Fee	5,190
TCEQ Bond Issuance Fee	12,975
Total Non-Construction Costs	\$ 1,359,498

TOTAL BOND ISSUE REQUIREMENT **\$ 5,190,000**

In the instance that approved estimated amounts exceed 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. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Constitution of the State of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and House Bill 4126, 84th Texas Legislature, Regular Session, 2015, codified as Chapter 7927, Special District Local Laws Code. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation to those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District is also empowered to finance certain road improvements, and park and recreational facilities as long as they meet the Fort Bend County, Texas, and City criteria. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities.

Description and Location

The District contains approximately 270 acres of land and is being developed as Sunset Crossing and Aminabad Colony, both single family residential communities. The District is located in central Fort Bend County, Texas, approximately 4 miles southeast of downtown Rosenberg at the intersection of Minonite Road (F.M. 2977) and Bryan Road. The District is located entirely within Fort Bend County, Texas, entirely within the extraterritorial jurisdiction of the City of Rosenberg, Texas, and within Lamar Consolidated Independent School District. The District, as it was originally created, included approximately 247 acres. Since the creation of the District there has been two (2) annexations totaling approximately 23 acres and no exclusions of property within the District. The District currently includes approximately 270 acres, all within the extraterritorial jurisdiction of the City.

Management of the District

The District is governed by a board, consisting of five directors (the "Board"), which has control over and management and supervision of all affairs of the District. Directors serve staggered four-year terms, with elections held in May of each even numbered year. All of the directors own property in the District. The present members and officers of the Board listed below:

Name	Position	Term Expires May
J.L. Collier	President	2026
ElizaBeth Reeves	Vice President	2026
Randi Mauldin	Secretary	2028
Colleen P. Hermann	Assistant Secretary	2028
Patricia Dolores Miller	Assistant Secretary	2026

Consultants

Tax Assessor/Collector: The District's Tax Assessor/Collector is Assessments of the Southwest, Inc. (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District (the "Appraisal District") and bills and collects such levy.

Bookkeeper: The District contracts with Myrtle Cruz, Inc. as Bookkeeper for the District.

System Operator: The District's current operator is Si Environmental, LLC.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. McGrath & Co., PLLC, audited the financial statements of the District for the fiscal year ending April 30, 2025. See "APPENDIX A."

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Pape-Dawson Engineers, Inc.

Bond Counsel: The District has engaged Coats Rose, P.C., Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds. Coats Rose, P.C., Houston, Texas also serves as the District's general counsel.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co., Incorporated is engaged as financial advisor (the "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 issuance and delivery of the Bonds. The Financial Advisor is employed by the District and has participated in the preparation of the Official Statement; however, 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 that has been supplied or provided by third-parties.

Strategic Partnership Agreement Between the District and the City of Rosenberg

The District and the City entered into a Strategic Partnership Agreement ("SPA") on or about January 21, 2020 pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for the terms and conditions for annexation of the District by the City and controls over any other law. The SPA terminates on the earlier of (i) 25 years from the effective date of the Agreement, or (ii) the date the District ceases to exist.

Under the SPA, the City may annex the territory of the District for full purposes (a "full-purpose annexation") at any time on or after January 21, 2030 or at any earlier time that the District has achieved 90% build out as defined in the SPA, whichever comes first, and the Developer has been fully reimbursed or the City assumes the obligation to reimburse the Developer. Upon full-purpose annexation the City will abolish the District and assume its debts and obligations. The District cannot be abolished until it achieves 90% build out or the City assumes the obligation to reimburse the Developer. The term "90% build out" means that the public water, sewer and drainage facilities and roads for 90% of the developable land in the District have been constructed.

Upon 90% build out, the City may annex and dissolve the District, take over its assets, assume its obligations, and perform its function. No representation is made that the City will ever annex the District and assume its debt.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, 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 TCEQ, 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 (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

A prospective purchaser of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

The Developer

The developer of land within Sunset Crossing in the District is D.R. Horton-Texas, Ltd., a Texas limited partnership ("D.R. Horton" or the "Developer"), which is a subsidiary of D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI". Audited financial statements for D.R. Horton, Inc. can be found online at <https://investor.drhorton.com>. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning the Developer is included as part of the consolidated financial statements of D.R. Horton, Inc. However, D.R. Horton, Inc. is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer nor D.R. Horton, Inc. is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor D.R. Horton, Inc. has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and D.R. Horton, Inc. is subject to change at any time. Because of the foregoing, financial information concerning the Developer and D.R. Horton, Inc. will neither be updated nor provided following the issuance of the Bonds.

Neither the Developer, nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. A prospective purchaser are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Approximately 246.89 acres (802 lots and 1 recreation center) within the District have been developed as the single-family residential subdivision of Sunset Crossing, Sections 1-8. As of July 1, 2025, the District consisted of 802 complete and occupied homes and 0 unoccupied homes. The remaining land within the District consists of approximately 23.429 undeveloped acres. The approximately 23 undeveloped but developable acres within the District is owned by Aminabad Investments Group LLC, a Texas limited liability company ("Aminabad Investments"). Aminabad Investments is anticipated to develop such acreage as the single-family residential subdivision of Aminabad Colony. As of the date hereof, construction within Aminabad Colony has not commenced.

Homebuilder Within the District

D.R. Horton was the sole homebuilder within Sunset Crossing but there are no additional vacant developed lots available for construction. Prices of new homes constructed within Sunset Crossing range from approximately \$320,000 to in excess of approximately \$381,000. Homes range in square footage from approximately 1,228 square feet to more than approximately 2,733 square feet. Aminabad Investments is anticipated to be the sole homebuilder within Aminabad Colony.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(July 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(July 2025)



[illegible]

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of continuing direct, annual ad valorem taxes, each without legal limitation as to rate or amount, 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 September 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order 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. 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. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed \$1.50 per \$100 of assessed valuation for water, sewer and drainage operation and maintenance purposes and \$1.50 per \$100 of assessed valuation for road operation and maintenance purposes, and \$0.10 per \$100 of assessed valuation for operation and maintenance of park facilities.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Utility System Maintenance and Operations:	\$1.50 per \$100 of Assessed Valuation.
Road System Maintenance and Operations:	\$1.50 per \$100 of Assessed Valuation.
Parks and Recreational Facilities Maintenance and Operations:	\$0.10 per \$100 of Assessed Valuation.

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the debt service requirements on the Bonds. The District levied a total debt service tax rate for payment of debt service in 2024 of \$0.84 (\$0.61 for Utility System debt service and \$0.23 for Road System debt service) per \$100 of assessed valuation. See "Tax Rate Distribution" herein.

Maintenance and Operations Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 5, 2018, the Board was authorized to levy such a maintenance and operations tax for water, sanitary sewer drainage and storm sewer facilities in an amount not to exceed \$1.50 per \$100 assessed valuation as well as a maintenance and operations tax for road facilities in an amount not to exceed \$1.50 per \$100 assessed valuation. In addition, the Board also authorized a maintenance and operations tax for park and recreational facilities in an amount not to exceed \$0.10 per \$100 assessed valuation. The Board levied a 2024 maintenance and operation tax rate of \$0.3375 per \$100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. See "Tax Rate Distribution" herein.

Tax Exemption

As discussed in the section entitled “TAXING PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. The District granted a \$10,000 exemption for residents over sixty-five (65) years of age and/or disabled for tax year 2025 but has not granted an exemption for any percentage of the market value of any residential homesteads from taxation. See “TAXING PROCEDURES—Property Subject to Taxation by the District.”

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2020–2024 tax years:

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 06/30/2025
2020	\$28,485,879	\$1.2800	\$ 364,619	100.00%	2021	100.00%
2021	77,262,341	1.2800	988,958	100.00%	2022	100.00%
2022	145,619,529	1.2400	1,805,682	99.91%	2023	99.91%
2023	227,460,454	1.1900	2,706,779	99.83%	2024	99.83%
2024	249,224,838	1.1775	2,934,622	98.91%	2025	98.91%

Tax Rate Distribution

	2024	2023	2022	2021	2020
Utility System Debt Service	\$0.6100	\$0.5350	\$0.6600	\$0.0800	\$0.0000
Road System Debt Service	0.2300	0.2700	0.2100	0.2000	0.0000
Maintenance and Operations	<u>0.3375</u>	<u>0.3850</u>	<u>0.3700</u>	<u>0.3700</u>	<u>1.2800</u>
	\$1.1775	\$1.1900	\$1.2800	\$1.2800	\$1.2800

Analysis of Tax Base

The following table illustrates the District’s total taxable assessed value in the tax years 2020–2024 by type of property.

Type of Property	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation	2021 Assessed Taxable Valuation	2020 Assessed Taxable Valuation
Land	\$ 60,517,590	\$ 46,250,853	\$ 34,356,478	\$ 22,225,998	\$ 13,825,668
Improvements	197,385,366	185,870,716	112,072,413	56,330,396	14,922,913
Personal Property	140,335	2,345,834	52,790	60,150	40,880
Exemptions	(8,835,412)	(7,006,949)	(10,862,152)	(1,354,203)	(303,582)
Plus: Uncertified	<u>1,996,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$251,204,665</u>	<u>\$227,460,454</u>	<u>\$145,619,529</u>	<u>\$ 77,262,341</u>	<u>\$ 28,485,879</u>

Principal Taxpayers

The following represents the 2024 principal taxpayers as a percentage of the certified portion (\$249,207,880) of the 2024 Taxable Assessed Valuation of \$251,204,665 which is categorized by type of property, and their taxable assessed values as of January 1, 2024 in the table below.

Taxpayer	Type of Property	2024 Taxable Assessed Valuation
Homeowner	Land & Improvements	\$ 681,614
Homeowner	Land & Improvements	614,258
D R Horton -Texas LTD (a)	Land	538,027
Homeowner	Land & Improvements	434,457
Homeowner	Land & Improvements	416,296
Homeowner	Land & Improvements	411,291
Homeowner	Land & Improvements	409,790
Homeowner	Land & Improvements	405,663
Homeowner	Land & Improvements	405,598
Homeowner	Land & Improvements	402,762
Total		\$ 4,719,756

Principal Taxpayers Total as Percentage of District's 2024 Taxable Assessed Valuation 1.89%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 assessed valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2024 Taxable Assessed Valuation of \$251,204,665 (consisting of \$249,207,880 of certified value and \$1,996,785 uncertified value) and the 2025 Preliminary Taxable Assessed Valuation, of \$255,451,637. The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District except the Outstanding Bonds and the Bonds:

Average Annual Debt Service Requirements (2026-2049)	\$ 1,982,352
Tax Rate of \$0.84 on the 2024 Taxable Assessed Valuation produces	\$ 2,004,613
Tax Rate of \$0.82 on the 2025 Preliminary Taxable Assessed Valuation	\$ 1,989,968
Maximum Annual Debt Service Requirement (2046)	\$ 2,177,213
Tax Rate of \$0.92 on the 2024 Taxable Assessed Valuation produces	\$ 2,195,529
Tax Rate of \$0.90 on the 2025 Preliminary Taxable Assessed Valuation	\$ 2,184,111

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 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 "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2024 taxes levied by such jurisdictions per \$100 of assessed valuation. No taxes for the 2025 tax year have been levied by any of the overlapping jurisdictions as of the date hereof. The table below does not include any future debt service tax rate that may be levied as a result of the issuance of the Bonds. See "Debt Service Tax" herein. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

<u>Taxing Jurisdiction</u>	<u>2024 Tax Rate</u>
The District	\$1.177500
Fort Bend County	0.412000
Fort Bend County Drainage District	0.010000
Lamar Consolidated Independent School District	<u>1.146900</u>
Estimated Total Tax rate	\$2.746400

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DISTRICT DEBT

2024 Taxable Assessed Valuation.....	\$ 251,204,665	(a)
2025 Preliminary Taxable Assessed Valuation	\$ 255,451,637	(b)
Direct Debt:		
Outstanding Bonds.....	\$ 26,285,000	
The Bonds	<u>\$ 5,190,000</u>	
Total.....	\$ 31,475,000	
Estimated Overlapping Debt	<u>\$ 26,801,860</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 58,276,860	(c)
Direct Debt Ratio:		
As a percentage of 2024 Taxable Assessed Valuation.....	12.53	%
As a percentage of Estimated 2025 Preliminary Taxable Assessed Valuation	12.32	%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2024 Taxable Assessed Valuation.....	23.20	%
As a percentage of 2025 Preliminary Taxable Assessed Valuation	22.81	%
2024 Tax Rate:		
Utility System Debt Service	\$0.6100	
Road System Debt Service	0.2300	
Maintenance & Operation	<u>0.3375</u>	
Total.....	\$1.1775	
Utility System Debt Service Fund (as of July 14, 2025).....	\$ 1,816,914	(d)
Road System Debt Service Fund (as of July 14, 2025)	\$ 816,139	(e)
Utility System Capital Projects Fund (as of July 14, 2025)	\$ 295,154	
Road System Capital Projects Fund (as of June 14, 2025)	\$ 66,242	
Operating Fund (as of July 14, 2025)	\$ 2,902,029	
Average Annual Debt Service Requirement (2026-2049)	\$ 1,982,352	(f)
Maximum Annual Debt Service Requirement (2046).....	\$ 2,177,213	(f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay		
Average Annual Debt Service Requirement (2026-2049) at 95% Tax Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.84	
Based on 2025 Preliminary Taxable Assessed Valuation	\$0.82	
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2046) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.92	
Based on 2025 Preliminary Taxable Assessed Valuation	\$0.90	

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- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2024, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). This amount includes \$1,996,785 of uncertified value, which represents 88% of the total uncertified value provided by the Appraisal District which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the appraisal District as the preliminary value as of January 1, 2025. This value represents the preliminary determination of the taxable value in the district as of January 1, 2025, provided by the appraisal district. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund.
- (e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the purpose of acquiring or constructing the Utility System, including the Bonds.
- (f) Requirement of debt service on the Outstanding Bonds and the Bonds. Debt service on the Bonds is an estimate based on the Bonds being sold at an average annual interest rate of 5.00%. See "DISTRICT DEBT—Pro-Forma Debt Service Requirements."

Pro Forma Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the principal and estimated interest requirements on the Bonds, assuming an interest rate of 5.00%. Totals may not sum due to rounding.

Year Ending 12/31	Outstanding Debt Service	Plus: The Bonds		Total Debt Service
		Principal	Interest	
2025	\$ 1,256,863 (a)	\$ -	\$ -	\$ 1,256,863
2026	1,729,200	125,000	252,292	2,106,492
2027	1,718,625	120,000	253,250	2,091,875
2028	1,713,113	130,000	247,250	2,090,363
2029	1,702,438	135,000	240,750	2,078,188
2030	1,712,013	140,000	234,000	2,086,013
2031	1,715,713	150,000	227,000	2,092,713
2032	1,728,513	155,000	219,500	2,103,013
2033	1,729,150	165,000	211,750	2,105,900
2034	1,741,050	170,000	203,500	2,114,550
2035	1,746,450	180,000	195,000	2,121,450
2036	1,750,081	190,000	186,000	2,126,081
2037	1,752,088	200,000	176,500	2,128,588
2038	1,762,056	210,000	166,500	2,138,556
2039	1,765,163	220,000	156,000	2,141,163
2040	1,771,606	230,000	145,000	2,146,606
2041	1,770,713	240,000	133,500	2,144,213
2042	1,777,413	255,000	121,500	2,153,913
2043	1,787,088	265,000	108,750	2,160,838
2044	1,788,600	280,000	95,500	2,164,100
2045	1,788,063	295,000	81,500	2,164,563
2046	1,800,463	310,000	66,750	2,177,213
2047	1,230,150	325,000	51,250	1,606,400
2048	580,669	340,000	35,000	955,669
2049	-	360,000	18,000	378,000
	<u>\$ 39,817,275</u>	<u>\$ 5,190,000</u>	<u>\$ 3,826,042</u>	<u>\$ 48,833,317</u>

(a) Excludes the March 1, 2025 debt service payment in the amount of \$491,863.

Average Annual Debt Service Requirement (2026-2049) \$1,982,352
Maximum Annual Debt Service Requirement (2046) \$2,177,213

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Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. 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 of debt service, and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Outstanding Debt	Overlapping	
	May 31, 2025	Percent	Amount
Fort Bend County	\$ 1,043,973,859	0.20%	\$ 2,127,363
Fort Bend County Drainage District	21,645,000	0.21%	44,596
Lamar Consolidated independent School District	3,058,595,000	0.81%	<u>24,801,860</u>
Total Estimated Overlapping Debt.....			\$26,801,860
Direct Debt (a).....			<u>\$31,475,000</u>
Total Direct & Estimated Overlapping Debt (a)			\$58,276,860

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Direct Debt Ratios:

As a percentage of 2024 Taxable Assessed Valuation.....	12.53 %
As a percentage of 2025 Preliminary Taxable Assessed Valuation	12.32 %

Direct and Estimated Overlapping Debt Ratios:

As a percentage of 2024 Taxable Assessed Valuation.....	23.20 %
As a percentage of 2025 Preliminary Taxable Assessed Valuation	22.81 %

THE SYSTEM

General

The Utility System, the purchase, acquisition and construction of which are being financed by the District with the proceeds of the Bonds, and the Road System, the construction of which are being financed by the District with proceeds of the Outstanding Bonds issued for Road System purposes, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the Utility Agreement

The District has entered into the Water Supply, Wastewater, and Drainage Services Agreement dated June 27, 2017 with the City for the City to be the wholesale provider of water, wastewater, and drainage services to District (the "Utility Agreement"). The District and the City are currently amending the Utility Agreement to provide additional capacity to the District. Pursuant to the Utility Agreement, the District assumed the responsibility for acquiring, constructing, operating, and maintaining the water distribution, wastewater collection, and drainage facilities to serve development occurring within the boundaries of the District (the "Facilities") and the City agreed to provide the District with its ultimate capacity needs for water and wastewater service.

Water Supply and Distribution: According to the Utility Agreement, the City has agreed to provide capacity to serve up to 870 equivalent single-family connections (“ESFCs”) within the District.

Wastewater Treatment: According to the Utility Agreement, the City has agreed to provide capacity to serve up to 870 ESFCs of wastewater treatment to the District. The District will utilize 870 ESFCs of permanent wastewater capacity in the City’s wastewater treatment plant.

Drainage: The natural drainage patterns in the District allows for runoff into a drainage channel along Bryan Road that outfalls into Dry Creek.

Floodplain: According to the FEMA Flood Insurance Rate Map Nos. 48157C0245L and 48157C0265L, no properties within the boundaries of the District are located within the 100-year flood plain.

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

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Description of the Road System

The roads within the District vary in width in accordance with standards adopted by Fort Bend County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. The Road System will ultimately be owned, operated and maintained by the County as the phases are constructed and accepted by the County. The District does not intend to maintain or operate the roads once they are accepted by the County.

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Historical Operations of the System

The summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements for fiscal years ended 2021 through 2025. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended April 30,				
Revenues	2025	2024	2023	2022	2021
Water Service	\$ 291,561	\$ 302,977	\$ 301,177	\$ 172,495	\$ 113,193
Sewer Service	484,927	501,130	451,786	276,086	163,717
Fire Protection	288,512	295,569	236,978	156,253	91,848
Property Taxes	839,913	877,126	541,955	764,685	362,285
Penalties and interest	24,287	23,626	28,360	14,869	6,157
Tap Connection and Inspection Fees	6,643	19,050	297,664	411,735	227,802
Surface water	223,522	256,203	234,954	129,434	96,799
Miscellaneous Revenues	4,577	3,258	3,065	477	503
Investment Earnings	99,621	64,804	26,538	306	136
Total	<u>\$ 2,263,563</u>	<u>\$ 2,343,743</u>	<u>\$ 2,122,477</u>	<u>\$ 1,926,340</u>	<u>\$ 1,062,440</u>
Expenditures					
Purchased Services	\$ 777,802	\$ 884,260	\$ 730,041	\$ 446,612	\$ 300,829
Professional Fees	115,786	84,718	62,974	87,185	86,193
Contracted Services	481,905	593,999	449,553	467,022	435,362
Repairs and Maintenance	50,981	64,538	198,387	102,684	99,072
Utilities	3,248	3,379	3,052	2,171	1,275
Administrative	57,399	53,341	58,367	45,642	36,475
Other	2,565	2,755	2,205	4,746	5,561
Capital Outlay					49,900
Total	<u>\$ 1,489,686</u>	<u>\$ 1,686,990</u>	<u>\$ 1,504,579</u>	<u>\$ 1,156,062</u>	<u>\$ 1,014,667</u>
NET REVENUES (Deficit)	<u>\$ 773,877</u>	<u>\$ 656,753</u>	<u>\$ 617,898</u>	<u>\$ 770,278</u>	<u>\$ 47,773</u>
Other Financing Sources (Uses):					
Interfund Transfer	\$ -	\$ -	\$ -	\$ -	\$ 69,900
Participants True Up	-	-	-	-	-
Beginning fund balance	\$ 2,183,445	\$ 1,526,692	\$ 908,794	\$ 138,516	\$ 20,843
Ending fund balance	<u>\$ 2,957,322</u>	<u>\$ 2,183,445</u>	<u>\$ 1,526,692</u>	<u>\$ 908,794</u>	<u>\$ 138,516</u>

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on each respective series of Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS—Source of Payment.” Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. In addition, the Board also authorized a maintenance and operations tax for park and recreational facilities in an amount not to exceed \$0.10 per \$100 assessed valuation. See “TAX DATA—Tax Rate Limitation.”

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 the responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District has not granted such exemption. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of one hundred percent (100%) is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption. The District has granted a \$10,000 exemption for residents over sixty-five (65) years of age and/or disabled for the tax year 2025.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit"

is defined by a provision of the Tax Code, which is effective for tax year 2016 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2016 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Valuation of Property for Taxation

Generally, property within 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 Code are to be based on 100% of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 became effective on January 1, 2024.

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

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

District and Taxpayer Remedies

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

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. See "Rollback of Operation and Maintenance Tax Rate" below.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2024 tax year, the District was qualified as a "Developing District" by the Board of Directors. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. 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 on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 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 for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "TAX DATA—Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. 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 (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS—General" and "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas, Fort Bend County, Texas, the City, or any other political subdivision, will be secured by a continuing direct annual ad valorem property tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS—Source of Payment". The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the Houston, Texas metropolitan area. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to the City of Houston, Texas, that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

Maximum Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, 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 2024 Taxable Assessed Valuation of property located within the District is \$251,204,665 (see "TAX DATA") and the 2025 Preliminary Taxable Assessed Valuation, is \$255,451,637. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$2,177,213 (2046) and the estimated average annual debt service requirements on the Outstanding Bonds and the Bonds will be \$1,982,352 (2026-2049). Assuming no increase to, nor decrease from the 2024 Taxable Assessed Valuation of \$251,204,665, tax rates of \$0.92 and \$0.84 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no increase to nor decrease from the 2025 Preliminary Taxable Assessed Valuation of \$255,451,637, tax rates of \$0.90 and \$0.82 per \$100 of assessed valuation at 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirements, respectively.

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 two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. 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. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the developers or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State's workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the developers or homebuilders.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners of the Bonds (the "Registered Owner(s)") have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required

to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent

promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “serious” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution 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. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which 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 CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water

quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

While the *Sackett* decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Severe Weather; Potential Impact of Natural Disaster

The Texas Gulf Coast area, including Fort Bend County, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The Texas Gulf Coast area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

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

Potential Effects of Oil Price Volatility on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed valuation of the District or an increase in the District's tax rate. See "TAXING PROCEDURES - Valuation of Property for Taxation."

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

Marketability

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Future Debt

Voters in the District have authorized a total of the following: \$140,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and the refunding of such bonds; \$69,000,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and the refunding of such bonds; and \$20,500,000 principal amount of unlimited tax bonds for the construction of parks and recreational facilities to serve the District and the refunding of such bonds.

Following the issuance of the Bonds, \$116,215,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds; \$59,230,000 principal amount of unlimited tax bonds for the Road System and for the refunding of such bonds; and \$20,500,000 principal amount of unlimited tax bonds for the construction of parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized but unissued.

The District also has the right to issue certain other additional bonds and other obligations, as described in the Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately \$9,100,000 for District projects for the Utility System and the Road System, the funds for which were advanced by the Developer. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

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, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Future and Proposed 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. A prospective purchaser of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

2025 Legislative Session:

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District. On June 23, 2025, the Governor called the First Special Session to begin on July 21, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The following are risk factors relating to bond insurance.

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

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

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

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

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

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

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by the President or Vice President and Secretary or an Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

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 Preliminary Official Statement, as it may have been supplemented or amended, through the date of sale.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Houston, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Registered Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds is not equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or

other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner thereof. In addition, interest expense incurred by certain owners that are "financial institutions" within the meaning of such section and which is allocable to tax-exempt obligations acquired after August 7, 1986, is completely disallowed as a deduction for taxable years beginning after December 31, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions and allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as "qualified tax-exempt obligations." An issue may be designated as "qualified tax-exempt obligations" only where the amount of such issue, when added to all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The District expects to, pursuant to the Bond Order, designate the Bonds as “qualified tax-exempt obligations” and certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the 100 percent disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, 20 percent of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds would not be deductible pursuant to Section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT” (except under the subheading “Estimated Direct and Overlapping Debt Statement”), “TAX DATA” to the extent available, and “APPENDIX A” (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026.

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

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

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 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 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 SEC Rule 15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material;

and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “material” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. 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

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional 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. 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. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of such Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The District has complied in all material respects with its undertakings entered into under the Rule.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: "THE DISTRICT" and "THE SYSTEM," – the Engineer; "THE DEVELOPER," "DEVELOPMENT WITHIN THE DISTRICT" – the Developer, "TAX DATA" – Assessment of the Southwest, Inc. and "THE BONDS," "THE DISTRICT—Strategic Partnership Agreement Between the District and the City of Rosenberg," "THE SYSTEM—Description of the Utility Agreement," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" – Coats Rose, P.C.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the Utility System and the Road System, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by the Engineer, and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor/Collector and Appraisal District: The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by Assessment of the Southwest, Inc. and the Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity, 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, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (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 Municipal Utility District No. 218 as of the date shown on the first page hereof.

/s/ _____
President, Board of Directors
Fort Bend County Municipal Utility District No. 218

ATTEST:

/s/ _____
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 218

APPENDIX A
Financial Statements of the District

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 218**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2025

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 218
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 218 (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Municipal Utility District No. 218, as of April 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District implemented GASB Implementation Guide 2021-1, Question 5.1 during the current fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

***Board of Directors
Fort Bend County Municipal Utility District No. 218
Fort Bend County, Texas***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Board of Directors
Fort Bend County Municipal Utility District No. 218
Fort Bend County, Texas***

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGuire & Co, LLC

Houston, Texas
July 14, 2025

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Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025***

Using this Annual Report

This section of the financial report of Fort Bend County Municipal Utility District No. 218 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2025. This analysis should be read in conjunction with the independent auditor's 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 Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

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 April 30, 2025, was negative \$14,285,506. The District's net position is negative because the District incurs debt to construct public roads which it conveys to other governmental entities. A comparative summary of the District's overall financial position, as of April 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 6,237,599	\$ 5,041,291
Capital assets	21,922,855	22,253,944
Total assets	28,160,454	27,295,235
Current liabilities	1,138,459	1,085,826
Long-term liabilities	41,307,501	42,072,501
Total liabilities	42,445,960	43,158,327
Net position		
Net investment in capital assets	(4,787,146)	(4,801,547)
Restricted	2,687,347	2,325,486
Unrestricted	(12,185,707)	(13,387,031)
Total net position	\$ (14,285,506)	\$ (15,863,092)

During the current fiscal year, the District implemented GASB Implementation Guide ("GASBIG") 2021-1, Question 5.1, which requires the capitalization of a group of individual assets that are below the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. In accordance with this standard, the District recognized, as infrastructure capital assets, water meters that were previously expensed in prior fiscal years, net of related accumulated depreciation, as of the beginning of the current fiscal year. Prior year data has not been restated to include values for these

Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

infrastructure assets and, as a result, the presentation of prior year data as it relates to these assets is not consistent with the current year presentation (see Notes 3 and 6).

The total net position of the District increased during the current fiscal year by \$1,342,452. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 2,956,870	\$ 2,745,261
Water and sewer service	776,488	804,107
Other	707,520	707,525
Total revenues	<u>4,440,878</u>	<u>4,256,893</u>
Expenses		
Customer service operations	1,532,380	1,711,740
Debt interest and fees	999,823	878,323
Developer interest		839,762
Debt issuance costs		716,599
Depreciation and amortization	566,223	528,952
Total expenses	<u>3,098,426</u>	<u>4,675,376</u>
Change in net position	1,342,452	(418,483)
Net position, beginning of year (2025 restated)	<u>(15,627,958)</u>	<u>(15,444,609)</u>
Net position, end of year	<u>\$ (14,285,506)</u>	<u>\$ (15,863,092)</u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current year and, as a result, has restated its beginning net position for the current fiscal year. Prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2025, were \$5,961,813, which consists of \$2,957,322 in the General Fund, \$2,643,096 in the Debt Service Fund and \$361,395 in the Capital Projects Fund.

Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 3,184,888</u>	<u>\$ 2,353,039</u>
Total liabilities	\$ 212,585	\$ 150,734
Total deferred inflows	14,981	18,860
Total fund balance	<u>2,957,322</u>	<u>2,183,445</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,184,888</u>	<u>\$ 2,353,039</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 2,263,563	\$ 2,343,743
Total expenditures	<u>(1,489,686)</u>	<u>(1,686,990)</u>
Revenues over expenditures	<u>\$ 773,877</u>	<u>\$ 656,753</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. The District's primary financial resources in the General Fund are from a property tax levy and the provision of water and sewer services to customers within the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing fire protection services are based on the number of connections in the District and remain consistent from year to year.

***Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 2,691,316</u>	<u>\$ 2,327,421</u>
Total liabilities	\$ 3,969	\$ 1,935
Total deferred inflows	44,251	44,772
Total fund balance	<u>2,643,096</u>	<u>2,280,714</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,691,316</u>	<u>\$ 2,327,421</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	<u>\$ 2,181,091</u>	<u>\$ 1,904,753</u>
Total expenditures	<u>(1,818,709)</u>	<u>(1,388,094)</u>
Revenues over expenditures	362,382	516,659
Other changes in fund balance		380,607
Net change in fund balance	<u>\$ 362,382</u>	<u>\$ 897,266</u>

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues. During the previous fiscal year, financial resources included capitalized interest from the sale of bonds. 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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 361,395</u>	<u>\$ 360,831</u>
Total fund balance	<u>\$ 361,395</u>	<u>\$ 360,831</u>

Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 624	\$ 366
Total expenditures	(60)	(7,624,733)
Revenues over/(under) expenditures	564	(7,624,367)
Other changes in fund balance		7,829,393
Net change in fund balance	\$ 564	\$ 205,026

The District did not have any significant capital asset activity during the current fiscal year. During the previous fiscal year, capital asset activity was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds and Series 2023 Unlimited Tax Road Bonds.

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 did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$604,727 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

Capital assets held by the District at April 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 945,139	\$ 945,139
Capital assets being depreciated/amortized		
Infrastructure	18,367,546	17,994,852
Impact fees	5,178,774	5,178,774
	<u>23,546,320</u>	<u>23,173,626</u>
Less accumulated depreciation/amortization		
Infrastructure	(2,165,250)	(1,590,533)
Impact fees	(403,354)	(274,288)
	<u>(2,568,604)</u>	<u>(1,864,821)</u>
Depreciable capital assets, net	<u>20,977,716</u>	<u>21,308,805</u>
Capital assets, net	<u>\$ 21,922,855</u>	<u>\$ 22,253,944</u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current year. As a result, prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

Additionally, Fort Bend County and TxDOT assume responsibility (after a one-year maintenance period) for certain road facilities constructed within the boundaries of the District. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed.

Long-Term Debt and Related Liabilities

As of April 30, 2025, the District owes approximately \$15,022,501 to developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer are trued up when the developer is reimbursed.

Fort Bend County Municipal Utility District No. 218
Management's Discussion and Analysis
April 30, 2025

At April 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2021	\$ 3,645,000	\$ 3,760,000
2021 Road	5,430,000	5,610,000
2022	9,970,000	10,240,000
2023	4,120,000	4,225,000
2023 Road	3,885,000	3,985,000
	<u>\$ 27,050,000</u>	<u>\$ 27,820,000</u>

At April 30, 2025, the District had \$121,405,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$20,500,000 for parks and recreational facilities; and \$59,230,000 for road improvements, \$210,000,000 for refunding bonds issued for water, sanitary sewer, drainage systems; \$30,750,000 for refunding bonds issued for parks and recreational facilities; and \$103,500,000 for refunding bonds issued for road improvements.

Property Taxes

The District's property tax base increased approximately \$6,227,000 for the 2025 tax year from \$249,224,838 to \$255,451,637, based on preliminary values. This increase was primarily due to increased property values.

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 water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	\$ 2,263,563	\$ 2,186,163
Total expenditures	<u>(1,489,686)</u>	<u>(1,911,050)</u>
Revenues over expenditures	773,877	275,113
Beginning fund balance	2,183,445	2,957,322
Ending fund balance	<u>\$ 2,957,322</u>	<u>\$ 3,232,435</u>

Basic Financial Statements

Fort Bend County Municipal Utility District No. 218
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 408,023	\$ 130,284	\$ 361,395	\$ 899,702
Investments	2,560,248	2,561,524		5,121,772
Taxes receivable	14,981	44,251		59,232
Customer service receivables	149,485			149,485
Internal balances	44,743	(44,743)		
Prepaid items	7,408			7,408
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 3,184,888</u>	<u>\$ 2,691,316</u>	<u>\$ 361,395</u>	<u>\$ 6,237,599</u>
Liabilities				
Accounts payable	\$ 89,477	\$ -	\$ -	\$ 89,477
Other payables	21,183	3,969		25,152
Customer deposits	101,925			101,925
Accrued interest payable				
Due to developer				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>212,585</u>	<u>3,969</u>		<u>216,554</u>
Deferred Inflows of Resources				
Deferred property taxes	<u>14,981</u>	<u>44,251</u>		<u>59,232</u>
Fund Balance/Net Position				
Fund Balance				
Nonspendable	7,408			7,408
Restricted		2,643,096	361,395	3,004,491
Unassigned	2,949,914			2,949,914
Total Fund Balance	<u>2,957,322</u>	<u>2,643,096</u>	<u>361,395</u>	<u>5,961,813</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,184,888</u>	<u>\$ 2,691,316</u>	<u>\$ 361,395</u>	<u>\$ 6,237,599</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 899,702
	5,121,772
	59,232
	149,485
	7,408
945,139	945,139
20,977,716	20,977,716
<u>21,922,855</u>	<u>28,160,454</u>
	89,477
	25,152
	101,925
156,905	156,905
15,022,501	15,022,501
765,000	765,000
26,285,000	26,285,000
<u>42,229,406</u>	<u>42,445,960</u>
<u>(59,232)</u>	
(7,408)	
(3,004,491)	
<u>(2,949,914)</u>	
<u>(5,961,813)</u>	
(4,787,146)	(4,787,146)
2,687,347	2,687,347
(12,185,707)	(12,185,707)
<u>\$ (14,285,506)</u>	<u>\$ (14,285,506)</u>

Fort Bend County Municipal Utility District No. 218**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	\$ 291,561	\$ -	\$ -	\$ 291,561
Sewer service	484,927			484,927
Fire service	288,512			288,512
Property taxes	839,913	2,083,222		2,923,135
Penalties and interest	24,287	13,848		38,135
Tap connection and inspection	6,643			6,643
Surface water	223,522			223,522
Miscellaneous	4,577			4,577
Investment earnings	99,621	84,021	624	184,266
Total Revenues	<u>2,263,563</u>	<u>2,181,091</u>	<u>624</u>	<u>4,445,278</u>
Expenditures/Expenses				
Customer service operations				
Purchased services	777,802			777,802
Professional fees	115,786	7,398		123,184
Contracted services	481,905	32,525		514,430
Repairs and maintenance	50,981			50,981
Utilities	3,248			3,248
Administrative	57,399	2,711	60	60,170
Other	2,565			2,565
Debt service				
Principal		770,000		770,000
Interest and fees		1,006,075		1,006,075
Depreciation and amortization				
Total Expenditures/Expenses	<u>1,489,686</u>	<u>1,818,709</u>	<u>60</u>	<u>3,308,455</u>
Revenues Over (Under) Expenditures	773,877	362,382	564	1,136,823
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	2,183,445	2,280,714	360,831	4,824,990
Change due to new accounting guidance (See Note 3)				
Beginning of the year, as restated	<u>2,183,445</u>	<u>2,280,714</u>	<u>360,831</u>	<u>4,824,990</u>
End of the year	<u>\$ 2,957,322</u>	<u>\$ 2,643,096</u>	<u>\$ 361,395</u>	<u>\$ 5,961,813</u>

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 291,561
	484,927
	288,512
(4,400)	2,918,735
	38,135
	6,643
	223,522
	4,577
	184,266
(4,400)	4,440,878
	777,802
	123,184
	514,430
	50,981
	3,248
	60,170
	2,565
(770,000)	
(6,252)	999,823
566,223	566,223
(210,029)	3,098,426
(1,136,823)	
1,342,452	1,342,452
(20,688,082)	(15,863,092)
235,134	235,134
(20,452,948)	(15,627,958)
\$ (20,247,319)	\$ (14,285,506)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 218 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to Acts the 84th Legislature of Texas, Regular Session, 2015, as codified at Chapter 7927, Texas Special District Local Laws Code, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 16, 2018 and the first bonds were issued on July 20, 2021.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. 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 elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. 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 water, sewer, drainage 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 full 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, interest earned on investments and income from District operations. 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 Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2025, 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 do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. 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.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	10-45 years
Impact fees	Remaining life of contract

The District's detention facilities and drainage channels 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.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

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’s nonspendable fund balance consists of prepaid items.

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.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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 collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to Fort Bend County and the Texas Department of Transportation ("TxDOT") and the value of capital assets for which the developer has 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 Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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	\$ 5,961,813
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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	\$ 24,491,459	
Less accumulated depreciation/amortization	<u>(2,568,604)</u>	
Change due to capital assets		21,922,855

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:

Accrued interest payable	(156,905)	
Due to developer	(15,022,501)	
Bonds payable, net	<u>(27,050,000)</u>	
Change due to long-term debt		(42,229,406)

Deferred inflows in the fund statements consist of property taxes receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

59,232

Total net position - governmental activities	<u><u>\$ (14,285,506)</u></u>
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Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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	\$ 1,136,823
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes.	(4,400)
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for depreciation/amortization expense.	(566,223)
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Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Principal payments	\$ 770,000	
Interest expense accrual	6,252	
		776,252

Change in net position of governmental activities	\$ 1,342,452
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Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. Under this new guidance, the District’s acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances*. On the government-wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position*.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

GASBIG 2021-1, Question 5.1 is required to be retroactively implemented, which means the District is required to record the acquisition of water meters that were expensed in previous fiscal years as infrastructure capital assets and to record the related accumulated depreciation at the beginning of the current fiscal year. Accordingly, the District has recorded a restatement to recognize \$235,134 in depreciable capital assets, which were measured at net book value (i.e., cost less accumulated depreciation) as of the beginning of the current fiscal year and increased its beginning net position by the same amount. Prior year amounts in the Management's Discussion and Analysis and supplementary schedules were not restated.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (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) certain insured or collateralized certificates of deposit and share certificates, (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.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

As of April 30, 2025, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
TexSTAR	General	\$ 2,560,248	AAAm	40 days
	Debt Service	2,561,524		
		<u>\$ 5,121,772</u>		

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

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 5 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 44,743	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 945,139	\$ -	\$ 945,139
Capital assets being depreciated/amortized			
Infrastructure	18,367,546		18,367,546
Impact fees	5,178,774		5,178,774
	<u>23,546,320</u>		<u>23,546,320</u>
Less accumulated depreciation/amortization			
Infrastructure	(1,728,093)	(437,157)	(2,165,250)
Impact fees	(274,288)	(129,066)	(403,354)
	<u>(2,002,381)</u>	<u>(566,223)</u>	<u>(2,568,604)</u>
Capital assets being depreciated, net	<u>21,543,939</u>	<u>(566,223)</u>	<u>20,977,716</u>
Capital assets, net	<u>\$ 22,489,078</u>	<u>\$ (566,223)</u>	<u>\$ 21,922,855</u>

Depreciation/amortization expense for the current fiscal year was \$566,223.

As discussed in Note 3, the District recorded a restatement to capitalize the acquisition of certain capital assets and accumulated depreciation at the beginning of the current fiscal year. In previous years, these costs were expensed. As a result, beginning balances for infrastructure capital assets in the current fiscal year are not consistent with prior year data.

Note 7 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developer will construct facilities on behalf of the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed. The District's developer has also advanced funds to the District for operating expenses.

The amount due to developer at April 30, 2025 is approximately \$15,022,501. There was no change in this liability from the prior year.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u><u>\$ 27,050,000</u></u>
Due within one year	<u><u>\$ 765,000</u></u>

The District's bonds payable at April 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2021	\$ 3,645,000	\$ 3,870,000	2.00% - 4.50%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
2021 Road	5,430,000	5,785,000	2.00% - 4.50%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
2022	9,970,000	10,500,000	3.00% - 5.00%	September 1, 2023 - 2047	September 1, March 1	September 1, 2028
2023	4,120,000	4,225,000	4.00% - 6.50%	September 1, 2024 - 2048	September 1, March 1	September 1, 2029
2023 Road	3,885,000	3,985,000	4.00% - 6.50%	September 1, 2024 - 2048	September 1, March 1	September 1, 2029
	<u><u>\$ 27,050,000</u></u>					

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 April 30, 2025, the District had authorized but unissued bonds in the amount of \$121,405,000 for the purpose of acquiring, constructing and improving the water, sewer and drainage systems within the District; \$20,500,000 for park and recreational facilities; and \$59,230,000 for road improvements; \$210,000,000 for refunding bonds issued for water, sanitary sewer, and drainage systems; \$30,750,000 for refunding bonds issued for parks and recreational facilities; and \$103,500,000 for refunding bonds issued for road improvements.

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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

Bonds payable, beginning of year	\$ 27,820,000
Bonds retired	(770,000)
Bonds payable, end of year	<u>\$ 27,050,000</u>

As of April 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 765,000	\$ 963,963	\$ 1,728,963
2027	785,000	923,913	1,708,913
2028	815,000	883,369	1,698,369
2029	850,000	845,276	1,695,276
2030	875,000	812,226	1,687,226
2031	915,000	783,863	1,698,863
2032	945,000	757,113	1,702,113
2033	985,000	728,831	1,713,831
2034	1,015,000	697,600	1,712,600
2035	1,060,000	663,750	1,723,750
2036	1,100,000	628,266	1,728,266
2037	1,140,000	591,084	1,731,084
2038	1,180,000	552,072	1,732,072
2039	1,230,000	511,109	1,741,109
2040	1,275,000	468,385	1,743,385
2041	1,325,000	423,660	1,748,660
2042	1,370,000	376,563	1,746,563
2043	1,425,000	327,251	1,752,251
2044	1,485,000	275,343	1,760,343
2045	1,540,000	220,831	1,760,831
2046	1,595,000	164,262	1,759,262
2047	1,665,000	105,306	1,770,306
2048	1,155,000	50,408	1,205,408
2049	555,000	12,833	567,833
	<u>\$ 27,050,000</u>	<u>\$ 12,767,277</u>	<u>\$ 39,817,277</u>

Note 9 – Property Taxes

On May 9, 2018, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value, \$1.50 for the maintenance of road facilities, and \$0.10 for the maintenance of park facilities. 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 Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

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 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.1775 per \$100 of assessed value, of which \$0.3375 was allocated to maintenance and operations, \$0.61 was allocated to water, sewer and drainage debt service, and \$0.23 was allocated to road debt service. The resulting tax levy was \$2,934,622 on the adjusted taxable value of \$249,224,838.

Property taxes receivable, at April 30, 2025, consisted of the following:

Current year taxes receivable	\$ 42,245
Prior years taxes receivable	9,122
	<hr/> 51,367
Penalty and interest receivable	7,865
Total property taxes receivable	<hr/> <hr/> \$ 59,232

Note 10 – Water Supply, Wastewater and Drainage Service Agreement

On June 27, 2017, D.R. Horton, L.P. (the “Developer”) entered into a Water Supply and Wastewater Services Agreement (the “Agreement”) with the City of Rosenberg, Texas (the “City”), as subsequently amended on February 6, 2018 and February 18, 2020. The Agreement was assigned to the District by the Developer on October 30, 2018. Under the terms of the Agreement, the District will obtain water supply services from the City on a permanent basis. The District will pay the City a monthly fee for these services based on the current rates of the City's own customers. During the year ended April 30, 2025, the District incurred expenditures of \$777,802 for water and wastewater used by customer of the District.

The District will pay a connection charge to the City, for each equivalent single-family connection (ESFC), to cover capital costs incurred by the City related to the provision of water supply and wastewater facilities. The City will reserve water capacity to the District for payment of the connection charges. The City agreed to provide up to 869 ESFCs to the District, of which 69 are exclusively dedicated to the Pioneer Community Center.

Note 11 – Strategic Partnership Agreement

On January 21, 2020, the District entered into a Strategic Partnership Agreement (the “agreement”), with the City of Rosenberg (the “City”). Pursuant to the Agreement, the City will not fully annex the District until the earlier one of the following conditions have been met: 1) until ninety percent of the District's water, wastewater, drainage and paving facilities (the “Facilities”) have been constructed (“Substantial Completion”) or 10 years from the date of the Agreement, whichever comes first and its developer have been reimbursed as allowed by the TCEQ; 2) at a point earlier than Substantial Completion if the City agrees that the developer may advance funds for the Facilities until Substantial

Fort Bend County Municipal Utility District No. 218
Notes to Financial Statements
April 30, 2025

Completion and the City will reimburse the developer as allowed by the TCEQ; or 3) at the expiration of the Agreement's 25 year term. In addition, the City may annex, for limited purposes, any commercial portions of the District at any given time. In such event, any annexed commercial property shall remain in the boundaries of the District which the District continues to exercise all powers and functions of a municipal utility district.

Note 12 – 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 13 – Subsequent Event

On July 14, 2025, the District approved a preliminary official statement and notice of sale for its Series 2025 Unlimited Tax Bonds in the amount of \$5,190,000. The acceptance of bids and award of sale is scheduled for August 11, 2025. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developer."

Required Supplementary Information

Fort Bend County Municipal Utility District No. 218

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Year Ended April 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 350,000	\$ 291,561	\$ (58,439)
Sewer service	465,000	484,927	19,927
Fire service	228,000	288,512	60,512
Property taxes	531,000	839,913	308,913
Penalties and interest		24,287	24,287
Tap connection and inspection	425,000	6,643	(418,357)
Surface water	245,000	223,522	(21,478)
Miscellaneous		4,577	4,577
Investment earnings		99,621	99,621
Total Revenues	<u>2,244,000</u>	<u>2,263,563</u>	<u>19,563</u>
Expenditures			
Customer service operations			
Purchased services	890,000	777,802	112,198
Professional fees	103,000	115,786	(12,786)
Contracted services	782,400	481,905	300,495
Repairs and maintenance	226,000	50,981	175,019
Utilities		3,248	(3,248)
Administrative	49,450	57,399	(7,949)
Other	24,000	2,565	21,435
Total Expenditures	<u>2,074,850</u>	<u>1,489,686</u>	<u>585,164</u>
Revenues Over Expenditures	169,150	773,877	604,727
Fund Balance			
Beginning of the year	<u>2,183,445</u>	<u>2,183,445</u>	
End of the year	<u>\$ 2,352,595</u>	<u>\$ 2,957,322</u>	<u>\$ 604,727</u>

Fort Bend County Municipal Utility District No. 218
Notes to Required Supplementary Information
April 30, 2025

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 218

TSI-1. Services and Rates

April 30, 2025

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	\$ 16.00	2,000	N	\$ 2.55	2,001	to	10,000
				\$ 2.65	10,001	to	15,000
				\$ 2.75	15,001	to	20,000
				\$ 2.95	20,001	to	no limit
Wastewater:	\$ 17.00	2,000	N	\$ 2.70	2,001	to	5,000
				\$ 2.97	5,001	to	no limit
Surcharge:	\$ 2.75	-0-	N	\$ 2.75	1,000	to	no limit

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 63.90 Wastewater \$ 38.60

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	802	791	x 1.0	791
1"	2	2	x 2.5	5
1.5"	2	2	x 5.0	10
2"	6	6	x 8.0	48
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
Total Water	812	801		854
Total Wastewater	804	793	x 1.0	793

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-1. Services and Rates
April 30, 2025

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>81,990,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>81,990,000</u>	(Gallons billed / Gallons pumped)
		<u>100%</u>

4. Standby Fees (authorized only under TWC Section 49.231):

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:

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: _____

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 Rosenberg

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

If Yes, by whom? _____

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2025

Purchased services	<u>\$ 777,802</u>
Professional fees	
Legal	26,789
Audit	15,500
Engineering	73,497
	<u>115,786</u>
Contracted services	
Bookkeeping	22,625
Operator	27,272
Garbage collection	190,152
Tap connection and inspection	686
Fire service	241,170
	<u>481,905</u>
Repairs and maintenance	<u>50,981</u>
Utilities	<u>3,248</u>
Administrative	
Directors fees	8,246
Printing and office supplies	31,417
Insurance	8,882
Other	8,854
	<u>57,399</u>
Other	<u>2,565</u>
Total expenditures	<u><u>\$ 1,489,686</u></u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-3. Investments
April 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexStar	Variable	N/A	<u>\$ 2,560,248</u>
Debt Service			
TexStar	Variable	N/A	1,754,941
TexStar	Variable	N/A	<u>806,583</u>
			<u>2,561,524</u>
Total - All Funds			<u><u>\$ 5,121,772</u></u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-4. Taxes Levied and Receivable
April 30, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 18,860	\$ 24,979	\$ 11,928	\$ 55,767
Adjustments to Prior Year Tax Levy	(5,030)	(7,509)	(3,351)	(15,890)
Adjusted Receivable	13,830	17,470	8,577	39,877
2024 Original Tax Levy	836,809	1,512,455	570,270	2,919,534
Adjustments	4,325	7,816	2,947	15,088
Adjusted Tax Levy	841,134	1,520,271	573,217	2,934,622
Total to be accounted for	854,964	1,537,741	581,794	2,974,499
Tax collections:				
Current year	829,026	1,498,386	564,965	2,892,377
Prior years	10,957	13,113	6,685	30,755
Total Collections	839,983	1,511,499	571,650	2,923,132
Taxes Receivable, End of Year	<u>\$ 14,981</u>	<u>\$ 26,242</u>	<u>\$ 10,144</u>	<u>\$ 51,367</u>
Taxes Receivable, By Years				
2024	\$ 12,108	\$ 21,885	\$ 8,252	\$ 42,245
2023	1,948	2,707	1,367	6,022
2022	925	1,650	525	3,100
Taxes Receivable, End of Year	<u>\$ 14,981</u>	<u>\$ 26,242</u>	<u>\$ 10,144</u>	<u>\$ 51,367</u>
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 60,517,590	\$ 46,250,118	\$ 34,356,478	\$ 22,225,998
Improvements	197,402,325	185,870,716	122,072,413	56,330,396
Personal Property	140,335	2,345,834	52,790	60,150
Exemptions	(8,835,412)	(7,006,949)	(10,862,152)	(1,354,203)
Total Property Valuations	<u>\$ 249,224,838</u>	<u>\$ 227,459,719</u>	<u>\$ 145,619,529</u>	<u>\$ 77,262,341</u>
Tax Rates per \$100 Valuation:				
Maintenance and operations	\$ 0.3375	\$ 0.385	\$ 0.37	\$ 1.00
Water, sewer and drainage debt service	0.6100	0.535	0.66	0.08
Road debt service	0.2300	0.270	0.21	0.20
Total Tax Rates per \$100 Valuation	<u>\$ 1.1775</u>	<u>\$ 1.190</u>	<u>\$ 1.24</u>	<u>\$ 1.28</u>
Adjusted Tax Levy:	<u>\$ 2,934,622</u>	<u>\$ 2,706,771</u>	<u>\$ 1,805,682</u>	<u>\$ 988,958</u>
Percentage of Taxes Collected to Taxes Levied **	<u>98.56%</u>	<u>99.78%</u>	<u>99.83%</u>	<u>100%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 9, 2018

* Maximum Road Maintenance Tax Rate Approved by Voters: \$1.50 on May 9, 2018

* Maximum Park Maintenance Tax Rate Approved by Voters: \$0.10 on May 9, 2018

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

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 115,000	\$ 82,000	\$ 197,000
2027	120,000	76,713	196,713
2028	125,000	71,981	196,981
2029	130,000	68,650	198,650
2030	130,000	66,050	196,050
2031	135,000	63,400	198,400
2032	140,000	60,650	200,650
2033	145,000	57,800	202,800
2034	150,000	54,850	204,850
2035	155,000	51,800	206,800
2036	160,000	48,650	208,650
2037	165,000	45,296	210,296
2038	170,000	41,737	211,737
2039	175,000	38,072	213,072
2040	180,000	34,300	214,300
2041	190,000	30,369	220,369
2042	195,000	26,156	221,156
2043	200,000	21,713	221,713
2044	205,000	17,156	222,156
2045	215,000	12,431	227,431
2046	220,000	7,538	227,538
2047	225,000	2,530	227,530
	<u>\$ 3,645,000</u>	<u>\$ 979,842</u>	<u>\$ 4,624,842</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 185,000	\$ 128,931	\$ 313,931
2027	185,000	120,606	305,606
2028	195,000	112,056	307,056
2029	200,000	105,669	305,669
2030	205,000	101,619	306,619
2031	210,000	97,469	307,469
2032	215,000	93,219	308,219
2033	220,000	88,869	308,869
2034	225,000	84,419	309,419
2035	235,000	79,819	314,819
2036	240,000	75,069	315,069
2037	245,000	70,219	315,219
2038	255,000	65,059	320,059
2039	260,000	59,586	319,586
2040	265,000	54,009	319,009
2041	275,000	47,928	322,928
2042	280,000	41,338	321,338
2043	290,000	34,569	324,569
2044	300,000	27,375	327,375
2045	305,000	19,813	324,813
2046	315,000	12,062	327,062
2047	325,000	4,063	329,063
	<u>\$ 5,430,000</u>	<u>\$ 1,523,766</u>	<u>\$ 6,953,766</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 280,000	\$ 390,763	\$ 670,763
2027	290,000	376,513	666,513
2028	300,000	361,763	661,763
2029	315,000	346,388	661,388
2030	325,000	333,638	658,638
2031	340,000	323,663	663,663
2032	350,000	313,313	663,313
2033	365,000	302,131	667,131
2034	375,000	288,700	663,700
2035	390,000	273,400	663,400
2036	405,000	257,500	662,500
2037	420,000	241,000	661,000
2038	435,000	223,900	658,900
2039	455,000	206,100	661,100
2040	470,000	187,600	657,600
2041	490,000	168,400	658,400
2042	505,000	148,500	653,500
2043	525,000	127,900	652,900
2044	545,000	106,500	651,500
2045	565,000	84,300	649,300
2046	585,000	61,300	646,300
2047	610,000	37,400	647,400
2048	630,000	12,600	642,600
	<u>\$ 9,970,000</u>	<u>\$ 5,173,272</u>	<u>\$ 15,143,272</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 95,000	186,469	\$ 281,469
2027	100,000	180,131	280,131
2028	100,000	173,631	273,631
2029	105,000	166,969	271,969
2030	110,000	159,981	269,981
2031	120,000	154,006	274,006
2032	125,000	149,106	274,106
2033	130,000	144,006	274,006
2034	135,000	138,706	273,706
2035	145,000	133,106	278,106
2036	150,000	127,113	277,113
2037	160,000	120,719	280,719
2038	165,000	113,913	278,913
2039	175,000	106,688	281,688
2040	185,000	99,038	284,038
2041	190,000	91,069	281,069
2042	200,000	82,656	282,656
2043	210,000	73,688	283,688
2044	225,000	64,031	289,031
2045	235,000	53,681	288,681
2046	245,000	42,881	287,881
2047	260,000	31,519	291,519
2048	270,000	19,425	289,425
2049	285,000	6,590	291,590
	<u>\$ 4,120,000</u>	<u>\$ 2,619,122</u>	<u>\$ 6,739,122</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 90,000	\$ 175,800	\$ 265,800
2027	90,000	169,950	259,950
2028	95,000	163,938	258,938
2029	100,000	157,600	257,600
2030	105,000	150,938	255,938
2031	110,000	145,325	255,325
2032	115,000	140,825	255,825
2033	125,000	136,025	261,025
2034	130,000	130,925	260,925
2035	135,000	125,625	260,625
2036	145,000	119,934	264,934
2037	150,000	113,850	263,850
2038	155,000	107,463	262,463
2039	165,000	100,663	265,663
2040	175,000	93,438	268,438
2041	180,000	85,894	265,894
2042	190,000	77,913	267,913
2043	200,000	69,381	269,381
2044	210,000	60,281	270,281
2045	220,000	50,606	270,606
2046	230,000	40,481	270,481
2047	245,000	29,794	274,794
2048	255,000	18,383	273,383
2049	270,000	6,243	276,243
	<u>\$ 3,885,000</u>	<u>\$ 2,471,275</u>	<u>\$ 6,356,275</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 218
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 765,000	\$ 963,963	\$ 1,728,963
2027	785,000	923,913	1,708,913
2028	815,000	883,369	1,698,369
2029	850,000	845,276	1,695,276
2030	875,000	812,226	1,687,226
2031	915,000	783,863	1,698,863
2032	945,000	757,113	1,702,113
2033	985,000	728,831	1,713,831
2034	1,015,000	697,600	1,712,600
2035	1,060,000	663,750	1,723,750
2036	1,100,000	628,266	1,728,266
2037	1,140,000	591,084	1,731,084
2038	1,180,000	552,072	1,732,072
2039	1,230,000	511,109	1,741,109
2040	1,275,000	468,385	1,743,385
2041	1,325,000	423,660	1,748,660
2042	1,370,000	376,563	1,746,563
2043	1,425,000	327,251	1,752,251
2044	1,485,000	275,343	1,760,343
2045	1,540,000	220,831	1,760,831
2046	1,595,000	164,262	1,759,262
2047	1,665,000	105,306	1,770,306
2048	1,155,000	50,408	1,205,408
2049	555,000	12,833	567,833
	<u>\$ 27,050,000</u>	<u>\$ 12,767,277</u>	<u>\$ 39,817,277</u>

See accompanying auditor's report.

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Fort Bend County Municipal Utility District No. 218
TSI-6. Change in Long-Term Bonded Debt
April 30, 2025

	Bond Issue			
	Series 2021	Series 2021 Road	Series 2022	Series 2023
Interest rate	2.00% - 4.50%	2.00% - 4.50%	3.00% - 5.00%	4.00% - 6.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/23 - 9/1/46	9/1/23 - 9/1/46	9/1/23 - 9/1/47	9/1/24 - 9/1/48
Beginning bonds outstanding	\$ 3,760,000	\$ 5,610,000	\$ 10,240,000	\$ 4,225,000
Bonds retired	(115,000)	(180,000)	(270,000)	(105,000)
Ending bonds outstanding	<u>\$ 3,645,000</u>	<u>\$ 5,430,000</u>	<u>\$ 9,970,000</u>	<u>\$ 4,120,000</u>
Interest paid during fiscal year	<u>\$ 87,175</u>	<u>\$ 137,144</u>	<u>\$ 404,513</u>	<u>\$ 192,969</u>
Paying agent's name and city All Series	<u>Zions Bancorporation, N.A., Houston, Texas</u>			

	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Water, Sewer and Drainage Refunding Bonds
Bond Authority:				
Amount Authorized by Voters	\$ 140,000,000	\$ 20,500,000	\$ 69,000,000	\$ 210,000,000
Amount Issued	(18,595,000)		(9,770,000)	
Remaining To Be Issued	<u>\$ 121,405,000</u>	<u>\$ 20,500,000</u>	<u>\$ 59,230,000</u>	<u>\$ 210,000,000</u>

	Parks Facilities Refunding Bonds	Road Refunding Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 30,750,000	\$ 103,500,000
Amount Issued		
Remaining To Be Issued	<u>\$ 30,750,000</u>	<u>\$ 103,500,000</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 investment balances as of April 30, 2025: \$ 2,691,808

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,659,053

See accompanying auditor's report.

Bond Issue	
Series 2023	
Road	Totals
4.00% - 6.50%	
9/1; 3/1	
9/1/24 -	
9/1/48	
\$ 3,985,000	\$ 27,820,000
(100,000)	(770,000)
<u>\$ 3,885,000</u>	<u>\$ 27,050,000</u>
<u>\$ 181,975</u>	<u>\$ 1,003,776</u>

Fort Bend County Municipal Utility District No. 218**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund****For the Last Five Fiscal Years**

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Water service	\$ 291,561	\$ 302,977	\$ 301,177	\$ 172,495	\$ 113,193
Sewer service	484,927	501,130	451,786	276,086	163,717
Fire service	288,512	295,569	236,978	156,253	91,848
Property taxes	839,913	877,126	541,955	764,685	362,285
Penalties and interest	24,287	23,626	28,360	14,869	6,157
Tap connection and inspection	6,643	19,050	297,664	411,735	227,802
Surface water	223,522	256,203	234,954	129,434	96,799
Miscellaneous	4,577	3,258	3,065	477	503
Investment earnings	99,621	64,804	26,538	306	136
Total Revenues	<u>2,263,563</u>	<u>2,343,743</u>	<u>2,122,477</u>	<u>1,926,340</u>	<u>1,062,440</u>
Expenditures					
Customer service operations					
Purchased services	777,802	884,260	730,041	446,612	300,829
Professional fees	115,786	84,718	62,974	87,185	86,193
Contracted services	481,905	593,999	449,553	467,022	435,362
Repairs and maintenance	50,981	64,538	198,387	102,684	99,072
Utilities	3,248	3,379	3,052	2,171	1,275
Administrative	57,399	53,341	58,367	45,642	36,475
Other	2,565	2,755	2,205	4,746	5,561
Capital outlay					49,900
Total Expenditures	<u>1,489,686</u>	<u>1,686,990</u>	<u>1,504,579</u>	<u>1,156,062</u>	<u>1,014,667</u>
Revenues Over Expenditures	<u>\$ 773,877</u>	<u>\$ 656,753</u>	<u>\$ 617,898</u>	<u>\$ 770,278</u>	<u>\$ 47,773</u>
Total Active Retail Water Connections	<u>801</u>	<u>807</u>	<u>806</u>	<u>638</u>	<u>407</u>
Total Active Retail Wastewater Connections	<u>793</u>	<u>798</u>	<u>797</u>	<u>632</u>	<u>400</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
13%	13%	14%	9%	11%
21%	21%	21%	14%	15%
13%	13%	11%	8%	9%
38%	37%	27%	40%	34%
1%	1%	1%	1%	1%
*	1%	14%	21%	21%
10%	11%	11%	7%	9%
*	*	*	*	*
4%	3%	1%	*	*
100%	100%	100%	100%	100%

34%	38%	34%	23%	28%
5%	4%	3%	5%	8%
21%	25%	21%	24%	41%
2%	3%	9%	5%	9%
*	*	*	*	*
3%	2%	3%	2%	3%
*	*	*	*	1%
				5%
65%	72%	70%	59%	95%
35%	28%	30%	41%	5%

Fort Bend County Municipal Utility District No. 218

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Four Fiscal Years

	Amounts			
	2025	2024	2023	2022
Revenues				
Property taxes	\$ 2,083,222	\$ 1,828,837	\$ 1,248,908	\$ 211,963
Penalties and interest	13,848	7,641	9,490	3,322
Miscellaneous				130
Investment earnings	84,021	68,275	24,452	373
Total Revenues	2,181,091	1,904,753	1,282,850	215,788
Expenditures				
Tax collection services	42,634	24,480	19,606	14,865
Debt service				
Principal	770,000	545,000		
Interest and fees	1,006,075	818,614	441,437	127,295
Total Expenditures	1,818,709	1,388,094	461,043	142,160
Revenues Over Expenditures	\$ 362,382	\$ 516,659	\$ 821,807	\$ 73,628

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues			
2025	2024	2023	2022
95%	96%	97%	98%
1%	*	1%	2%
			*
4%	4%	2%	*
100%	100%	100%	100%
2%	1%	2%	7%
35%	29%		
46%	43%	34%	59%
83%	73%	36%	66%
17%	27%	64%	34%

Fort Bend County Municipal Utility District No. 218
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2025

Complete District Mailing Address: 9 Greenway Plaza, Suite 1100, Houston, Texas 77046
District Business Telephone Number: (713) 651-0111
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 13, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Janie Collier	05/22 to 05/26	\$ 2,873	\$ 1,911	President
Elizabeth Reeves	05/24 to 05/28	1,547	454	Vice President
Randi Mauldin	05/24 to 05/28	1,768		Secretary
Patricia Miller	05/22 to 05/26	884		Assistant Secretary
Coleen Hermann	04/25 to 05/28			Assistant Secretary
Susan Hill	05/24 to 02/25	442		Former Director
Consultants				
		Amounts Paid		
Coats Rose, P.C. <i>General legal fees</i>	2018	\$ 26,812		Attorney
Si Environmental, LLC	2018	88,725		Operator
Myrtle Cruz, Inc.	2018	23,807		Bookkeeper
Assessments of the Southwest	2018	11,632		Tax Collector
Fort Bend Central Appraisal District	Legislation	20,893		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2018	7,398		Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	2018	73,875		Engineer
McGrath & Co., PLLC	2019	15,000		Auditor
Robert W. Baird & Co.	2018			Financial Advisor

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

See accompanying auditor's report.