

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A
(Fort Bend County, Texas, and Waller County, Texas)**

PRELIMINARY OFFICIAL STATEMENT

DATED: JULY 14, 2025

\$22,675,000

UNLIMITED TAX BONDS

SERIES 2025

BIDS TO BE SUBMITTED BY: 9:30 A.M., CENTRAL TIME

MONDAY, AUGUST 11, 2025

\$9,150,000

UNLIMITED TAX ROAD BONDS

SERIES 2025

BIDS TO BE SUBMITTED BY: 9:30 A.M., CENTRAL TIME

MONDAY, AUGUST 11, 2025

BONDS TO BE AWARDED AT: 5:00 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 each Official Notice of Sale for the Bonds (herein defined) and is intended for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchasers (herein defined).

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT (HEREIN DEFINED), AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; 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 District will not designate the Bonds as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Not Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry-Only

Moody’s Investors Service, Inc. (Underlying) “Baa1”

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A

(A political subdivision of the State of Texas located within Fort Bend County and Waller County)

**\$22,675,000
Unlimited Tax Bonds
Series 2025**

**\$9,150,000
Unlimited Tax Road Bonds
Series 2025**

Dated: September 1, 2025

Interest Accrues from: Date of Delivery

Due: September 1, as shown on the inside cover

The \$22,675,000 Unlimited Tax Bonds, Series 2025 (the “Utility Bonds”) and the \$9,150,000 Unlimited Tax Road Bonds, Series 2025 (the “Road Bonds,” and together with the Utility Bonds, collectively referred to as the “Bonds”), are obligations of Fulshear Municipal Utility District No. 3A (the “District”) and are not obligations of the State of Texas (“Texas”); Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the “City”); or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; Waller County, Texas; the City; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

The Bonds are dated September 1, 2025, and will accrue interest from the date of delivery, which is expected to be on or about September 10, 2025 (the “Date of Delivery”), with interest 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 12, 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 The 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 BOKF, NA, Dallas, Texas, as the initial paying agent/registrar for the Bonds (the “Paying Agent/Registrar”).

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

The Utility Bonds represent the eighth series of unlimited tax bonds issued by the District from a total of \$164,300,000 principal amount of unlimited tax bonds authorized by voters of the District for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District, and the Road Bonds represent the eighth series of unlimited tax road bonds issued by the District from a total of \$87,900,000 principal amount of unlimited tax road bonds authorized by voters of the District for the purpose of constructing or acquiring a road system to serve the District. See “THE BONDS – Authority for Issuance.”

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of two (2) separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See “THE BONDS – Source of Payment.”

The Bonds are subject to certain investment considerations described herein. Prospective purchasers of the Bonds should review this entire Official Statement, including particularly the section titled “INVESTMENT CONSIDERATIONS” before making an investment decision.

The Bonds are offered, when, as and if issued by the District, subject, among other things to the approval of the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., “Bond Counsel”. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, “Disclosure Counsel”. Delivery of the Bonds is expected through the facilities of DTC on or about September 10, 2025.

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

\$22,675,000 Unlimited Tax Bonds, Series 2025

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)
2026	\$ 390,000	_____	____%	_____	2039 (c)	\$ 900,000	_____	____%	_____
2027	500,000	_____	____%	_____	2040 (c)	945,000	_____	____%	_____
2028	525,000	_____	____%	_____	2041 (c)	990,000	_____	____%	_____
2029	550,000	_____	____%	_____	2042 (c)	1,040,000	_____	____%	_____
2030	580,000	_____	____%	_____	2043 (c)	1,095,000	_____	____%	_____
2031 (c)	610,000	_____	____%	_____	2044 (c)	1,150,000	_____	____%	_____
2032 (c)	640,000	_____	____%	_____	2045 (c)	1,205,000	_____	____%	_____
2033 (c)	670,000	_____	____%	_____	2046 (c)	1,265,000	_____	____%	_____
2034 (c)	705,000	_____	____%	_____	2047 (c)	1,330,000	_____	____%	_____
2035 (c)	740,000	_____	____%	_____	2048 (c)	1,395,000	_____	____%	_____
2036 (c)	775,000	_____	____%	_____	2049 (c)	1,465,000	_____	____%	_____
2037 (c)	815,000	_____	____%	_____	2050 (c)	1,540,000	_____	____%	_____
2038 (c)	855,000	_____	____%	_____					

\$9,150,000 Unlimited Tax Road Bonds, Series 2025

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)
2026	\$ 185,000	_____	____%	_____	2039 (c)	\$ 360,000	_____	____%	_____
2027	200,000	_____	____%	_____	2040 (c)	380,000	_____	____%	_____
2028	210,000	_____	____%	_____	2041 (c)	400,000	_____	____%	_____
2029	220,000	_____	____%	_____	2042 (c)	420,000	_____	____%	_____
2030	235,000	_____	____%	_____	2043 (c)	440,000	_____	____%	_____
2031 (c)	245,000	_____	____%	_____	2044 (c)	460,000	_____	____%	_____
2032 (c)	255,000	_____	____%	_____	2045 (c)	485,000	_____	____%	_____
2033 (c)	270,000	_____	____%	_____	2046 (c)	510,000	_____	____%	_____
2034 (c)	285,000	_____	____%	_____	2047 (c)	535,000	_____	____%	_____
2035 (c)	300,000	_____	____%	_____	2048 (c)	560,000	_____	____%	_____
2036 (c)	310,000	_____	____%	_____	2049 (c)	590,000	_____	____%	_____
2037 (c)	330,000	_____	____%	_____	2050 (c)	620,000	_____	____%	_____
2038 (c)	345,000	_____	____%	_____					

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date.
- (b) CUSIP numbers will be assigned to the Bonds 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. None of the District, the Financial Advisor (herein defined), or the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers.
- (c) 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, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchasers may designate one (1) or more of the Bonds as term bonds.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel (herein defined) 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, the other matters described in the Official Statement until delivery of the Bonds to the Initial Purchasers, and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by _____ (the "Utility Bond Initial Purchaser") to purchase the Utility Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" 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.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by _____ (the "Road Bond Initial Purchaser") to purchase the Road Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" 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.

Throughout this Official Statement, the term "Initial Purchasers" refers to the Utility Bond Initial Purchaser in its capacity as purchaser of the Utility Bonds as well as the Road Bond Initial Purchaser as purchaser of the Road Bonds.

Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchasers on or before the Date of Delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Other than as set forth in each Official Notice of Sale for the Bonds, the District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchasers.

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

MUNICIPAL BOND INSURANCE

The District has made applications for a commitment for municipal bond 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 Purchasers.

RATINGS

Moody's has assigned an underlying rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District..... Fulshear Municipal Utility District No. 3A (the “District”), a political subdivision of the State of Texas (“Texas”), is located in Fort Bend County, Texas, and Waller County, Texas. See “THE DISTRICT.”

The Bonds..... The District’s \$22,675,000 Unlimited Tax Bonds, Series 2025 (the “Utility Bonds”) are dated September 1, 2025, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The District’s \$9,150,000 Unlimited Tax Road Bonds, Series 2025 (the “Road Bonds,” and together with the Utility Bonds, collectively referred to as the “Bonds”) are also dated September 1, 2025, and mature on September 1 in the years and in the principal amounts as shown on the inside cover.

The Bonds are dated September 1, 2025, and will accrue interest from the date of delivery, which is expected to be on or about September 10, 2025 (the “Date of Delivery”), with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”). See “THE BONDS.”

Redemption of the Bonds The 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 on 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 of the Bonds.”

Book-Entry-Only System..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the Book-Entry-Only System (herein defined). Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”

Source of Payment Principal of and interest on the Bonds are payable from the proceeds of two (2) separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the “City”); or any political subdivision or entity other than the District. See “THE BONDS – Source of Payment.”

Payment Record.....	The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See “THE BONDS – Payment Record” and “THE BONDS – Source of Payment.”
Authority for Issuance.....	The Utility Bonds are issued pursuant to (i) an order of the Texas Commission on Environmental Quality (the “TCEQ”); (ii) an order adopted by the Board of Directors of the District (the “Board”) on the date of the sale of the Utility Bonds (the “Utility Bond Order”); (iii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iv) Senate Bill 1910, 83rd Texas Legislature, Regular Session, codified at Chapter 8487, Texas Special District Local Laws Code, effective September 1, 2013 (the “Act”); (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015. The Road Bonds are issued pursuant to (i) an order adopted by the Board on the date of the sale of the Road Bonds (the “Road Bond Order”); (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015. See “THE BONDS – Authority for Issuance.”
Voted Authorization.....	At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of \$164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the “Utility System”), a total of \$87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the “Road System”), and a total of \$38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$78,530,000 for the purpose of constructing or acquiring the Utility System; \$15,380,000 for the purpose of constructing or acquiring the Road System; and \$38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District. See “THE BONDS – Issuance of Additional Debt.”
Outstanding Bonds	The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Utility System: \$4,860,000 Unlimited Tax Utility Bonds, Series 2018; \$5,670,000 Unlimited Tax Bonds, Series 2019; \$5,180,000 Unlimited Tax Bonds, Series 2020; \$7,355,000 Unlimited Tax Bonds, Series 2021; \$11,730,000 Unlimited Tax Bonds, Series 2022; \$16,275,000 Unlimited Tax Bonds, Series 2023; and \$12,025,000 Unlimited Tax Bonds, Series 2024. Of such bonds, \$57,990,000 principal amount will remain outstanding as of the Date of Delivery (the “Outstanding Utility Bonds”). The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Road System: \$1,600,000 Unlimited Tax Road Bonds, Series 2018; \$2,830,000 Unlimited Tax Road Bonds, Series 2019; \$2,575,000 Unlimited Tax Road Bonds, Series 2020; \$1,490,000 Unlimited Tax Road Bonds, Series 2021; \$13,650,000 Unlimited Tax Road Bonds,

Series 2022; \$21,225,000 Unlimited Tax Road Bonds, Series 2023; and \$20,000,000 Unlimited Tax Road Bonds, Series 2024. Of such bonds, \$59,920,000 principal amount will remain outstanding as of the Date of Delivery (the “Outstanding Road Bonds,” and together with the Outstanding Utility Bonds, the “Outstanding Bonds”). The District has never issued bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. See “THE BONDS – Outstanding Bonds.”

Short-Term Debt.....	The District issued its \$13,145,000 Bond Anticipation Note, Series 2024 (the “BAN”), dated December 20, 2024. The BAN matures on December 19, 2025, and accrues interest at a rate of 4.835% per annum, calculated on the basis of actual days elapsed and a 365-day year. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Utility Bonds.” See “THE BONDS – Short-Term Debt.”
Use of Proceeds of the Utility Bonds.....	Proceeds of the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Utility Bonds.” Additionally, proceeds from the sale of the Utility Bonds will also be used to reimburse the Developer for the improvements and related costs that were not reimbursed by the BAN and to pay: six (6) months of capitalized interest; developer interest; BAN interest; developer advances; and other certain costs associated with the issuance of the Utility Bonds. See “THE BONDS – Use and Distribution of Proceeds of the Utility Bonds.”
Use of Proceeds of the Road Bonds.....	Proceeds from the Road Bonds will be used to reimburse the Developer for the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Road Bonds.” Additionally, proceeds from the sale of the Road Bonds will be used to pay six (6) months of capitalized interest; developer interest; and other certain costs associated with the issuance of the Road Bonds. See “THE BONDS – Use and Distribution of Proceeds of the Road Bonds.”
Not Qualified Tax-Exempt Obligations	The District will not designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Not Qualified Tax-Exempt Obligations.”
Municipal Bond Insurance	The District has made applications for a commitment for municipal bond 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 Purchasers (herein defined). See “MUNICIPAL BOND INSURANCE.”
Ratings.....	Moody’s has assigned an underlying rating of “Baa1” to the Bonds. See “RATINGS.”
Bond Counsel	Coats Rose P.C., Houston, Texas.

Disclosure Counsel Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
 Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.
 Engineer IDS Engineering Group, Inc., Houston, Texas.

THE DISTRICT

Description The District was created by an order dated August 21, 2015, that, pursuant to the Act, divided Fulshear Municipal Utility District No. 3 into two (2) distinct municipal utility districts: the District and Fulshear Municipal Utility District No. 3B ("Fulshear MUD 3B"). Upon its creation, the District was made up of approximately 493.86 total acres, and, due to three (3) subsequent annexations, the District now encompasses approximately 1,341.67 total acres. See "THE DISTRICT."

Location The District is situated primarily within Fort Bend County, Texas, although a portion of the District (approximately 79 acres) is within Waller County, Texas. The District is located approximately 33 miles west of the City of Houston, Texas; approximately four (4) miles west of the City of Katy, Texas; approximately four (4) miles north of the City; and approximately one (1) mile south of the intersection of Interstate Highway 10 and Jordan Ranch Boulevard. See "THE DISTRICT – Description."

Jordan Ranch The District is part of the master-planned community known as "Jordan Ranch." Jordan Ranch is located one (1) mile south of Interstate Highway 10 and includes a number of amenities for its residents such as: a community clubhouse; a resort-style pool with lazy river and kids' splash pad; a fitness center; a picnic area; playgrounds; hike and bike trails; and open spaces throughout the community. Jordan Ranch is made up of approximately 1,353.01 total acres, of which approximately 1,341.67 acres are located in the District. See "THE DISTRICT – Jordan Ranch."

Development in the District To date, a total of approximately 2,817 single-family lots have been developed within the District as the following subdivisions: Jordan Ranch, Sections 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 49, 51, 52, 53, 54, 55 and Jordan Ranch Model Home Park. Said subdivisions encompass approximately 849 acres within the District (including some drill site and detention acreage). As of June 30, 2025, the District included approximately 2,189 completed homes (approximately 2,157 occupied and approximately 32 unoccupied), approximately 109 homes under construction (approximately 47 of which being under contract for sale to homebuyers), and approximately 519 vacant developed lots. Additionally, approximately 39 acres are under construction as single-family residential subdivisions of Jordan Ranch, Sections 45 and 50. Additionally, approximately 114 acres have been developed for commercial use (in various stages of development), which consists of a church, fire station, elementary school, and retail/industrial/multi-family development. The remaining land within the District includes approximately 123 undeveloped but developable acres and approximately 234 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT – Current Status."

The Developer.....	Fort Bend Jordan Ranch LP, a Texas limited partnership (the “Developer”), an affiliate of Johnson Development Corp. (“JDC”), the developer of land in the District, is the entity through which development operations are managed. JDC is a leading land developer of residential and commercial properties across the country, and, since its establishment in 1975, has been involved in over 100 projects resulting in the development of over 40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian (this is not an exhaustive list). See “THE DEVELOPER.”
Homebuilders in the District.....	The following homebuilders are actively constructing new homes in the District: Beazer Homes; David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes; Perry Homes; Westin Homes; and Chesmar Homes. New homes in the District range in price from approximately \$300,000 to over \$1,200,000 and in size from approximately 1,500 square feet to over 5,380 square feet. See “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders in the District.”

INVESTMENT CONSIDERATIONS

THE DISTRICT’S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2024 Assessed Valuation	\$ 928,063,090 (a)
2025 Assessed Valuation	\$1,122,607,026 (b)
Estimated Assessed Valuation as of June 1, 2025	\$1,199,810,950 (c)
Direct Debt:	
The Outstanding Bonds (as of the Delivery of the Bonds)	\$ 117,910,000
The Utility Bonds	\$ 22,675,000
The Road Bonds.....	<u>\$ 9,150,000</u>
Total.....	\$ 149,735,000
Estimated Overlapping Debt	<u>\$ 98,076,746 (d)</u>
Total Direct and Estimated Overlapping Debt	\$ 247,811,746 (d)
Direct Debt Ratios:	
As a Percentage of the 2024 Assessed Valuation	16.13 %
As a Percentage of the 2025 Assessed Valuation	13.34 %
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	12.48 %
Direct and Estimated Overlapping Debt Ratios:	
As a Percentage of the 2024 Assessed Valuation	26.70 %
As a Percentage of the 2025 Assessed Valuation	22.07 %
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	20.65 %
Utility System Debt Service Fund Balance (as of July 14, 2025)	\$ 3,799,811 (e)
Road System Debt Service Fund Balance (as of July 14, 2025).....	\$ 4,219,737 (f)
Utility System Capital Projects Fund Balance (as of July 14, 2025)	\$ 2,101,614
Road System Capital Projects Fund Balance (as of July 14, 2025)	\$ 43,734
General Operating Fund Balance (as of July 14, 2025).....	\$ 8,802,280

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- (a) Represents the assessed valuation of all taxable property within the District as of January 1, 2024, provided by the Appraisal Districts (herein defined). Such amount includes \$75,406 of assessed valuation assigned to properties that remain under review by the Appraisal Review Boards (herein defined). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Boards, upon which the District will levy its tax. See "TAX PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal Districts as the Certified value as of January 1, 2025. Such amount does not reflect any value under review. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Boards, upon which the District will levy its tax. See "TAXING PROCEDURES" and "TAX DATA."
- (c) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of June 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through June 1, 2025. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."
- (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (e) At the delivery of the Utility Bonds, six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.
- (f) At the delivery of the Road Bonds, six (6) months of capitalized interest will be deposited into the Road System Debt Service Fund. Neither Texas law nor the Road 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 by the District for the Utility System, including the Outstanding Utility Bonds and the Utility Bonds.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2024 Tax Rate:

Utility System Debt Service	\$ 0.415	(a)
Road System Debt Service	\$ 0.425	(a)
Maintenance & Operations	<u>\$ 0.310</u>	
Total	\$ 1.150	

Combined Estimated Average Annual Debt Service Requirement (2026–2050)	\$ 9,448,616	(b)
Combined Estimated Maximum Annual Debt Service Requirement (2042)	\$ 10,424,731	(b)

Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2026–2050) at 95% Tax Collections:

Based on the 2024 Assessed Valuation	\$ 1.08
Based on the 2025 Assessed Valuation	\$ 0.89
Based on the Estimated Assessed Valuation as of June 1, 2025	\$ 0.83

Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042) at 95% Tax Collections:

Based on the 2024 Assessed Valuation	\$ 1.19
Based on the 2025 Assessed Valuation	\$ 0.98
Based on the Estimated Assessed Valuation as of June 1, 2025	\$ 0.92

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- (a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.
- (b) Requirement of combined debt service on the Outstanding Bonds and the Bonds, assuming the Bonds are issued at an estimated interest rate of 5.00%. See "DISTRICT DEBT – Estimated Debt Service Requirement Schedule."

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A

(A political subdivision of the State of Texas located in Fort Bend County and Waller County)

\$22,675,000
Unlimited Tax Bonds
Series 2025

\$9,150,000
Unlimited Tax Road Bonds
Series 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fulshear Municipal Utility District No. 3A (the "District") of its \$22,675,000 Unlimited Tax Bonds, Series 2025 (the "Utility Bonds"), and \$9,150,000 Unlimited Tax Road Bonds, Series 2025 (the "Road Bonds"). The Utility Bonds and the Road Bonds are herein collectively referred to as the "Bonds."

The Utility Bonds are issued pursuant to (i) an order of the Texas Commission on Environmental Quality (the "TCEQ"); (ii) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Utility Bonds (the "Utility Bond Order"); (iii) the general laws of the State of Texas ("Texas"), including Chapters 49 and 54 of the Texas Water Code; (iv) Senate Bill 1910, 83rd Texas Legislature, Regular Session, codified at Chapter 8487, Texas Special District Local Laws Code, effective September 1, 2013 (the "Act"); (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015.

The Road Bonds are issued pursuant to (i) an order adopted by the Board on the date of the sale of the Road Bonds (the "Road Bond Order"); (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015.

The Utility Bond Order and the Road Bond Order are collectively referred to herein as the "Bond Orders," and unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Orders. The initial purchaser of the Utility Bonds (the "Utility Bond Initial Purchaser") and the initial purchaser of the Road Bonds (the "Road Bond Initial Purchaser") are collectively referred to herein as the "Initial Purchasers."

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Upon payment of reasonable copying, mailing and handling charges, copies of such documents may be obtained from Bond Counsel (herein defined) at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders. Copies of the Bond Orders may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Orders authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated September 1, 2025, and will mature on September 1 in the years and in the principal amounts as shown on the inside cover. Interest on the Bonds will accrue from the Date of Delivery (expected to be on or about September 10, 2025) (the "Date of Delivery"), with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. The Bonds will be issued as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof. Principal of the Bonds will be payable to a Bondholder (herein defined) thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to Bondholders as shown on the records of the Paying Agent/Registrar.

at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the “Record Date”), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder.

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system for the Bonds (the “Book-Entry-Only System”) has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered 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 United States Securities and Exchange Commission (the “SEC”), and the current procedures of DTC to be followed in dealing with Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be required by an authorized representative of DTC. One (1) fully registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “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 (the “Indirect Participants,” and together with the Direct Participants, the “Direct and Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Direct and Indirect 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 holder of ownership interest of each actual purchase of each Bond

(the “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-Only System is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the Book-Entry-Only System 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 the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the 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 Direct and Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership

must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Orders will be given only to DTC.

Successor Paying Agent/Registrar

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

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. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 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 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.

Replacement of Bonds

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

Authority for Issuance

At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of \$164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the "Utility System"), a total of \$87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), and a total of \$38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized.

The Utility Bonds are issued pursuant to (i) an order of the TCEQ; (ii) the Utility Bond Order; (iii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iv) the Act; (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015.

The Road Bonds are issued pursuant to (i) the Road Bond Order; (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Utility Bonds represent the eighth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System and the Road Bonds represent the eighth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$78,530,000 for the purpose of constructing or acquiring the Utility System; \$15,380,000 for the purpose of constructing or acquiring the Road System; and \$38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. The Bond Orders impose no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the purpose of constructing or acquiring the Utility System or for purpose of constructing or acquiring parks and recreational facilities to serve the District, approved by the TCEQ).

According to the Developer (herein defined), following the issuance of the Bonds, the District will owe the Developer approximately \$59,680,963.39 for its expenditures advanced to date for the development of the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to 1% of the value of the taxable property in the District at the time of issuance.

Outstanding Bonds

The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Utility System: \$4,860,000 Unlimited Tax Utility Bonds, Series 2018; \$5,670,000 Unlimited Tax Bonds, Series 2019; \$5,180,000 Unlimited Tax Bonds, Series 2020; \$7,355,000 Unlimited Tax Bonds, Series 2021; \$11,730,000 Unlimited Tax Bonds, Series 2022; \$16,275,000 Unlimited Tax Bonds, Series 2023; and \$12,025,000 Unlimited Tax Bonds, Series 2024. Of such bonds, \$57,990,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Utility Bonds"). The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Road System: \$1,600,000 Unlimited Tax Road Bonds, Series 2018; \$2,830,000 Unlimited Tax Road Bonds, Series 2019; \$2,575,000 Unlimited Tax Road Bonds, Series 2020; \$1,490,000 Unlimited Tax Road Bonds, Series 2021; \$13,650,000 Unlimited Tax Road Bonds, Series 2022; \$21,225,000 Unlimited Tax Road Bonds, Series 2023; and \$20,000,000 Unlimited Tax Road Bonds, Series 2024. Of such bonds, \$59,920,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds"). The District has never issued bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

Short-Term Debt

The District issued its \$13,145,000 Bond Anticipation Note, Series 2024 (the “BAN”), dated December 20, 2024. The BAN matures on December 19, 2025, and accrues interest at a rate of 4.835% per annum, calculated on the basis of actual days elapsed and a 365-day year. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Utility Bonds.”

Payment Record

The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See “THE BONDS – Source of Payment.”

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, and such additional tax bonds of the District as may hereafter be authorized by District voters, if any, and subsequently issued, are payable from and secured by the proceeds of two (2) separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. See “TAX PROCEDURES” and “TAX DATA – Tax Rate Calculations” for tax adequacy, manner of assessing and collecting taxes, and the remedy to the District in the event of tax delinquencies; and “Bondholders’ Remedies” below for the remedies available to Bondholders in the event of default in the performance of any of the covenants set forth in the Bond Orders or in the event of default in the payment of principal of or interest on the Bonds.

The Bonds are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the “City”); or any political subdivision other than the District.

Redemption of the Bonds

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031, prior to their scheduled maturities, in whole or in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least 30 days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are optionally redeemed at any time, the particular maturities and amounts of Bonds to be optionally redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity and if fewer than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar (or DTC in accordance with its procedures while the Bonds are in Book-Entry-Only form) shall designate by method of random selection the Bonds within such maturity to be redeemed. If the Book-Entry-Only System is discontinued, the Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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.

Defeasance

The Bond Orders provide that the District may discharge its obligations to the Bondholders 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) for obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Orders.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Orders do not contractually limit such investments, Bondholders may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Bondholders’ Remedies

The Bond Orders contain a covenant that while any part of the Bonds is outstanding, there shall be assessed, levied, and collected two (2) separate annual ad valorem taxes, each levied without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Bonds and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Orders provide that in the event that the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make debt service payments, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Orders, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Bond Orders. Such right is in addition to all other rights the Bondholders may be provided by the laws of Texas.

Except for mandamus, the Bond Orders do not specifically provide for remedies to a Bondholder in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders. Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District’s property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See “THE BONDS – Bankruptcy Limitation to Bondholders’ Rights.”

Bankruptcy Limitation to Bondholders' Rights

Other than a writ of mandamus and other relief authorized by law, the Bond Orders do not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Orders. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "INVESTMENT CONSIDERATIONS – Bondholders' Remedies" and "INVESTMENT CONSIDERATIONS – Bankruptcy Limitation to Bondholders' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

Section 49.186 of the Texas Water Code is applicable to the District and provides:

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

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

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

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

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Use and Distribution of Proceeds of the Utility Bonds

Proceeds of the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Utility Bonds will also be used to reimburse the Developer for the improvements and related costs that were not reimbursed by the BAN and to pay: six (6) months of capitalized interest; developer interest; BAN interest; developer advances; and other certain costs associated with the issuance of the Utility Bonds, as shown below.

Construction Costs		<u>District's Share</u>
A. <u>Developer Contribution Items</u>		
1. Jordan Ranch Street Dedication No. 8 and Reserves, Section 34 and Utility Extension		\$ 914,874
2. Jordan Ranch Street Dedication No. 11 and Sections 38 and 40		4,706,083
3. Jordan Ranch Section 25		651,204
4. Jordan Ranch Sections 26, 27, and 33.		815,738
5. Erosion Consultant and Stormwater Permits (Items 2 - 4)		117,187
6. Engineering, Surveying, and Testing (Items 1 -4)		846,855
Total Developer Contribution Items		\$ 8,051,941
B. <u>District Contribution Items</u>		
1. Jordan Ranch Phase 4 Detention Pond		\$ 169,321
2. Jordan Ranch Phase 5 Detention Pond		2,271,798
3. Fulshear MUD 3A Water Plant No. 1 Water Well No. 2		2,750,235
4. Erosion Consultant and Stormwater Permits (Item 2)		650
5. Engineering, Surveying, and Testing (Items 2-3)		357,554
6. Land Acquisition Costs for Detention Ponds 9, 10, 16, 17, and 18		4,775,286
Total District Contribution Items		<u>\$ 10,324,844</u>
Total Construction Costs		<u>\$ 18,376,785</u>
Less Surplus Funds		<u>\$ (214,608)</u>
Total Net Construction Costs		\$ 18,162,177
<u>Non-Construction Costs</u>		
A. Legal Fees		\$ 478,500
B. Fiscal Agent Fees		453,500
C. Interest		
1. Capitalized Interest (6 Months at 5.00%)		566,875
2. Developer Interest		1,308,957
3. Bond Anticipation Note Interest (1 year at \$13,145,000 at 5.00%)		657,250
D. Bond Discount (2.50%)		566,875
E. Bond Issuance Expenses		45,815
F. Bond Anticipation Note Issuance Expenses		303,863
G. Bond Application Report Expense		65,000
H. Attorney General Fee (0.10%)		9,500
I. TCEQ Bond Issuance Fee (0.25%)		56,688
Total Non-Construction Costs		<u>\$ 4,512,823</u>
TOTAL BOND ISSUE REQUIREMENT		\$ 22,675,000

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer (herein defined) and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Use and Distribution of Proceeds of the Road Bonds

Proceeds from the Road Bonds will be used to reimburse the Developer for the improvements and related costs shown below. Additionally, proceeds from the sale of the Road Bonds will be used to pay six (6) months of capitalized interest; developer interest; and other certain costs associated with the issuance of the Road Bonds, as shown below.

The construction costs described below were compiled by the Engineer, based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates made by the Engineer or the Financial Advisor.

	District's Share
<u>Construction Costs</u>	
A. Jordan Ranch Section 41	\$ 42,800
B. Jordan Ranch Section 43	1,638,662
C. Jordan Ranch Sections 44	1,141,238
D. Jordan Ranch Sections 46 & 47	1,008,413
E. Jordan Ranch Street Dedication 14 & 15	512,579
F. Jordan Ranch Street Dedication 3	3,218
G. Jordan Ranch Sections 48 & 49	115,867
H. Right of Way Land Costs	1,229,851
Total Construction Costs	\$ 5,692,628
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 208,000
B. Fiscal Agent Fees	183,000
C. Developer Interest	2,550,681
D. Capitalized Interest (6 months at 5.00%)	228,750
E. Bond Discount (2.5%)	228,750
F. Bond Issuance Expenses	49,041
G. Attorney General Fee (0.10%)	9,150
Total Non-Construction Costs	\$ 3,457,372
TOTAL BOND ISSUE REQUIREMENT	\$ 9,150,000

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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THE DISTRICT

Authority

Fulshear Municipal Utility District No. 3 was created pursuant to Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution, and by the Act. By that certain Order Dividing District and Redefining Boundaries dated August 21, 2015, Fulshear Municipal Utility District No. 3 was divided into two (2) distinct municipal utility districts, creating the District and Fulshear Municipal Utility District No. 3B (“Fulshear MUD 3B”). All of Fulshear MUD 3B’s assets and liabilities were assigned to, and assumed by, the District pursuant to an Agreement for Assignment and Assumption of Assets and Liabilities dated December 16, 2022 (the “Assignment of Assets and Liabilities”). Fulshear MUD 3B was subsequently dissolved by the exclusion of all land from its boundaries, effective December 16, 2022.

The District operates under the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution and is authorized to construct and finance road projects as provided under Article III, Section 52, of the Texas Constitution.

The District is empowered, among other things, to purchase, construct, and maintain roads in the District, and 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.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one (1) or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. However, the District does not currently operate or maintain a fire department; fire protection for the District is provided by the City. The District is subject to the continuing supervision of the TCEQ and is located in the extra territorial jurisdiction of the City.

Description

Upon its creation, the District was made up of approximately 493.86 total acres, and, due to four (4) subsequent annexations, the District now encompasses approximately 1,358.44 total acres. The District is situated primarily within Fort Bend County, Texas, although a portion of the District (approximately 79 acres) is within Waller County, Texas. The District is located approximately 33 miles west of the City of Houston, Texas (“Houston”); approximately four (4) miles west of the City of Katy, Texas; approximately four (4) miles north of the City; and approximately one (1) mile south of the intersection of Interstate Highway 10 and Jordan Ranch Boulevard. The District is located in the extraterritorial jurisdiction of the City.

Jordan Ranch

The District is part of the master-planned community known as “Jordan Ranch.” Jordan Ranch is located one (1) mile south of Interstate Highway 10 and includes a number of amenities for its residents such as: a community clubhouse; a resort-style pool with lazy river and kids’ splash pad; a fitness center; a picnic area; playgrounds; hike and bike trails; and open spaces throughout the community.

Jordan Ranch is made up of approximately 1,369.78 total acres, of which approximately 1,358.44 acres are located in the District. See “DEVELOPMENT OF THE DISTRICT – Current Status.”

Management of the District

- Board of Directors -

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors' terms are four (4) years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Glen Nordt	President	2026
Stacy Thibodeaux	Vice President	2028
TeAundrae Perryman	Secretary	2028
Clark Holm	Assistant Secretary	2026
Jorge Sanchez	Assistant Secretary	2026

- Consultants -

Tax Assessor/Collector – The District has engaged Utility Tax Service, LLC as the tax assessor/collector (the “Tax Assessor/Collector”).

Bookkeeper – The District’s bookkeeper is Myrtle Cruz, Inc.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District’s facilities is IDS Engineering Group, Inc. (the “Engineer”).

Operator – The District has contracted with Si Environmental, LLC to oversee operation and maintenance of the Utility System.

Bond Counsel – The District has engaged Coats Rose, P.C. as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Coats Rose P.C. also serves as the District’s general counsel.

Auditor – The District engaged McGrath & Co., PLLC (the “Auditor”) to audit its financial statements for the fiscal year ended December 31, 2024. The District’s audited financial statements are attached as “APPENDIX A.”

Disclosure Counsel – Orrick, Herrington & Sutcliffe LLP serves as disclosure counsel (“Disclosure Counsel”) in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale, and delivery of the Bonds.

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District (the “Financial Advisor”). Payment to the Financial Advisor by the District is contingent upon the issuance, sale, and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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PHOTOGRAPHS TAKEN IN THE DISTRICT
(July 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(July 2025)



DEVELOPMENT WITHIN THE DISTRICT

Current Status

To date, a total of approximately 2,817 single-family lots have been developed within the District as the following subdivisions: Jordan Ranch, Sections 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and Jordan Ranch Model Home Park. Said subdivisions encompass approximately 848.52 acres within the District (including some drill site and detention acreage). As of June 30, 2025, the District included approximately 2,189 completed homes (approximately 2,157 occupied and approximately 32 unoccupied), approximately 109 homes under construction (approximately 47 of which being under contract for sale to homebuyers), and approximately 519 vacant developed lots. Additionally, approximately 39 acres are under construction as single-family residential subdivisions of Jordan Ranch, Sections 45 and 50. Additionally, approximately 114 acres have been developed for commercial use (in various stages of development), which consists of a church, fire station, elementary school, and retail/industrial/multi-family development. The remaining land within the District includes approximately 123 undeveloped but developable acres and approximately 234 undevelopable acres.

The table on the following page summarizes the development within the District as of June 30, 2025. Totals may not sum due to rounding.

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Jordan Ranch	Acreage (a)	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Model Home Park	7.04	23	22	0	1
Section 1	13.18	40	40	0	0
Section 2	15.93	57	57	0	0
Section 2A	10.08	20	20	0	0
Section 3	12.88	50	50	0	0
Section 4	19.39	76	76	0	0
Section 5	9.29	24	24	0	0
Section 6	9.81	29	29	0	0
Section 7	5.18	16	16	0	0
Section 8	20.31	31	31	0	0
Section 9	8.86	26	26	0	0
Section 10	8.03	34	34	0	0
Section 11	8.49	34	34	0	0
Section 12	9.09	33	33	0	0
Section 13	9.45	39	39	0	0
Section 14	9.06	39	39	0	0
Section 15	16.46	63	63	0	0
Section 16	10.48	41	41	0	0
Section 17	8.37	35	35	0	0
Section 18	13.32	20	20	0	0
Section 19	23.62	91	91	0	0
Section 20	11.07	34	34	0	0
Section 21	12.85	43	43	0	0
Section 22	16.54	69	68	1	0
Section 23	12.35	36	36	0	0
Section 24	19.24	71	71	0	0
Section 25	19.81	85	84	0	1
Section 26	19.84	86	86	0	0
Section 27	9.12	40	40	0	0
Section 28	12.71	41	40	0	1
Section 29	13.26	40	40	0	0
Section 30	13.22	38	38	0	0
Section 31	14.46	73	73	0	0
Section 32	4.76	12	12	0	0
Section 33	7.08	29	29	0	0
Section 34	25.19	62	60	0	2
Section 35	16.09	79	79	0	0
Section 36	19.33	85	82	2	1
Section 37	17.73	55	55	0	0
Section 38	12.89	46	46	0	0
Section 39	13.74	49	49	0	0
Section 41	32.07	48	48	0	0
Section 42	12.95	66	35	4	27
Section 43	29.79	170	34	18	118
Section 44	43.65	85	23	29	33
Section 46	16.39	114	0	0	114
Section 47	26.79	71	19	18	34
Section 48	15.02	48	14	23	11
Section 49	8.97	31	31	0	0
Section 51	23.02	80	0	0	80
Section 52	25.70	25	0	0	25
Section 53	11.63	39	0	0	39
Section 54	11.05	47	0	0	47
Section 55	23.45	103	0	11	92
Total Residential Developed	848.52	2,817	2,189	109	519
Commercial/Multi-Family	113.64				
Undeveloped but Developable	123.12				
Sections Under Development	39.40				
Undevelopable (b)	233.76				
District Total	1,358.44				

(a) Also includes some drill site and detention acreage.

(b) Also includes some street, drainage, detention, park, drill site, and plant site acreage.

Homebuilders in the District

The following homebuilders are actively constructing new homes in the District: Beazer Homes; David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes; Perry Homes; Westin Homes; and Chesmar Homes. New homes in the District range in price from approximately \$300,000 to over \$1,200,000 and in size from approximately 1,500 square feet to over 5,380 square feet.

Lot-Sales Contracts

The Developer has entered into lot sales contracts with each of the following homebuilders: David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes/Village Builder Homes; Newmark Homes; Perry Homes; Coventry Homes; Westin Homes; Chesmar Homes; and Beazer Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit. According to the Developer, each of the builders is in compliance with their respective lot-sales contracts.

As of June 30, 2025, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
David Weekley Homes	410	376
Highland Homes	394	332
J. Patrick Homes	178	166
Lennar Homes/Village Builder Homes	421	346
Newmark Homes	14	14
Perry Homes	619	525
Coventry Homes	54	54
Westin Homes	432	373
Chesmar Homes	423	272
Beazer Homes	66	66
Total	3,011	2,524

THE DEVELOPER

Role

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and 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; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

Description

Fort Bend Jordan Ranch LP, a Texas limited partnership (the “Developer”), an affiliate of Johnson Development Corp. (“JDC”), the developer of land in the District, is the entity through which development operations are managed. JDC is a leading land developer of residential and commercial properties across the country, and, since its establishment in 1975, has been involved in over 100 projects resulting in the development of over 40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian (this is not an exhaustive list).

Prospective purchasers 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, 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.

Development Financing

In December 2015, the Developer obtained an infrastructure development loan from Texas Capital Bank, N.A. The loan had a maximum principal balance of \$27,500,000 and matured in December of 2022. That loan has been replaced by a loan obtained in January 2023 from Stellar Bank with a maximum principal balance of \$18,000,000. The loan is secured by a lien on approximately 420 acres of land plus lots owned by the Developer in the District. The outstanding balance as of June 30, 2025 was \$2,758,205.50 and, according to the Developer, it is in compliance with all material conditions of the loan.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the District’s water distribution, wastewater collection and drainage facilities have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies, and the construction has been inspected by the TCEQ.

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

Water Supply

Water supply is provided by a water plant located in Willow Creek Farms Municipal Utility District (“WCFMUD”), a municipal utility district adjacent to the District, and a water plant located within the District. The water plant in WCFMUD is jointly owned by WCFMUD and the District and consists of the following: a 1,000 gallon per minute (“gpm”) water well; a 500-gpm water well; two (2) 15,000-gallon pressure tanks; three (3) 220,000 gallon ground storage tanks; and five (5) booster pumps. The WCFMUD water plant will adequately serve 2,754 equivalent single-family connections (“esfc”), 1,349 of which are owned by the District. The water plant within the District consists of the following: a 1,350-gpm water well; two (2) 15,000-gallon pressure tanks; two (2) 500,000-gallon ground storage tanks; and six (6) booster pumps. This water plant will adequately serve 2,250 esfc, all of which are owned by the District. The District’s combined capacity of the water plants will serve 3,599 esfc.

Since the District’s water wells are located in Waller County, Texas, the District’s authority to pump groundwater from its water wells is subject to an annual permit issued by the Bluebonnet Groundwater Conservation District (“BGCD”). Water that is pumped from Waller County, Texas, into Fort Bend County, Texas, is subject to the authority of the North Fort Bend Water Authority (the “Authority”). BGCD and the Authority

were created to protect and recharge groundwater, to prevent pollution or waste of groundwater, to control subsidence caused by withdrawal of water from the groundwater reservoirs in the area, and to regulate the transport of water into and out of their respective boundaries. BGCD and the Authority currently charge the District an annual permit renewal fee, as well as production fees per 1,000 gallons based on the amount of groundwater pumped by the District. The District cannot predict what regulations the BGCD or the Authority may impose on the District nor the amount or level of fees and charges which may be due to the BGCD or the Authority in the future. However, the District anticipates that the costs associated with any necessary system improvements due to additional regulations or increased fees would be passed on to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any.

Wastewater System

Wastewater for the District is treated by a 480,000 gallon per day ("gpd") wastewater treatment plant located in WCFMUD and a Phase 2,720,000 gpd wastewater treatment plant located within the District. Fulshear MUD 3B participated in an expansion to the WCFMUD wastewater treatment plant to add an additional 240,000 gpd of capacity for a combined total of 480,000 gpd that will adequately serve 1,960 esfc for the District and WCFMUD.

The District obtained 720 esfc from WCFMUD pursuant to the Joint Wastewater Treatment Agreement dated February 28, 2017, as amended on November 8, 2019. The Phase 2 wastewater treatment plant consists of a 720,000 gpd plant that will adequately serve 2,938 esfc. With the Phase 2 wastewater treatment plant plus the capacity from the Joint Wastewater Treatment Plant, the District's wastewater treatment capacity is sufficient to serve 3,658 esfc.

Storm Drainage System

Undeveloped land within the District generally drains from west to east and generally towards the Willow Fork of Buffalo Bayou through a series of existing fields and shallow ditches. Development within the District consists of curb and gutter streets with underground storm sewers. The storm sewer discharges to District detention basins and conveyance channels located within of the District. The detention basins and conveyance channels drain east and outfall to the existing drainage channel within the Firethorne subdivision, and ultimately to Willow Fork of Buffalo Bayou.

100-Year Floodplain

No areas within the District are currently within the 100-year floodplain (1% chance of annual occurrence), as currently defined by the Flood Insurance Rate Maps panels published by the Federal Emergency Management Agency.

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Operating History

The following sets forth in condensed form the historical results of the District's general operating fund. Such summary has been prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements, reference to which is made for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended December 31				
	2024	2023	2022	2021	2020
<u>Revenues</u>					
Water Service	\$ 704,432	\$ 460,407	\$ 372,306	\$ 232,112	\$ 206,730
Sewer Service	1,381,380	985,519	736,808	496,355	362,395
Property Taxes	2,612,507	2,059,435	1,790,315	1,178,247	805,757
Penalties and Interest	50,199	45,306	47,029	13,946	2,848
Ground Water Pumpage Fees	1,732,981	1,113,494	1,041,749	676,539	515,497
Tap Connection and Inspection	1,465,848	1,031,848	965,952	559,818	558,220
Capital Recovery Fees	444,076				
Miscellaneous	16,754	10,337	7,582	6,179	1,244
Investment Earnings	<u>391,190</u>	<u>268,968</u>	<u>47,847</u>	<u>2,637</u>	<u>3,790</u>
Total Revenues	\$ 8,799,367	\$ 5,975,314	\$ 5,012,858	\$ 3,165,833	\$ 2,456,481
<u>Expenditures</u>					
Current Service Operations					
Purchased Services	\$ 759,137	\$ 656,977	\$ 566,507	\$ 618,121	\$ 438,483
Professional Fees	339,487	279,073	277,365	182,822	185,358
Contracted Services	1,169,238	1,319,081	848,343	583,276	420,626
Repairs and Maintenance	786,028	566,888	306,977	204,152	88,409
Utilities	384,547	161,689	6,607	4,770	2,907
Regional Water Authority Costs	1,580,821	1,036,049	968,017	624,944	454,649
Administrative	146,368	92,798	70,440	60,595	39,999
Other	31,794	14,556	9,757	19,363	1,222
Capital					
Capital Lease		3,151,448	0	0	0
Capital Outlay	551,481	0	212,198	0	0
Debt Service					
Lease – Principal	368,686	139,868	0	0	0
Lease – Interest	<u>149,864</u>	<u>59,632</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$ 6,267,451	\$ 7,478,059	\$ 3,266,211	\$ 2,298,043	\$ 1,631,653
Revenues Over / (Under Expenditures)	\$ 2,531,916	\$ (1,502,745)	\$ 1,746,647	\$ 867,790	\$ 824,828

Subsidence and Conversion to Surface Water Supply

The portion of the District located in Fort Bend County, Texas, is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including a portion of the area within the District. In 2005, the Texas legislature created the North Fort Bend Water Authority (the "Authority" as previously defined herein) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County, Texas (including the District), and a small portion of Harris County, Texas. The Authority has entered into a Water Supply Contract with Houston to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The portion of the District located in Fort Bend County, Texas, is included within the Authority's GRP. While the District's water wells are not located within the boundaries of the Authority, the water imported into the portion of the District located

within Fort Bend County, Texas, is within the Authority's boundaries, and therefore water usage in that portion of the District is subject to Authority import fees.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged or the payment of its obligations; (ii) establish fees (including fees imposed on the District for groundwater pumped or imported by the District), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. As of January 1, 2024, the Authority charges the District \$4.55 per 1,000 gallons based on the amount of groundwater pumped or water imported and used within the Subsidence District. The Authority did not begin imposing its fee for imported water on the District until October 1, 2017. It is expected that the Authority will issue a substantial amount of bonds by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority's GRP, beginning January 2013; and (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority's GRP, beginning January 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a substantial disincentive fee penalty of \$3.25 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

THE ROAD SYSTEM

The District is primarily served by two (2) thoroughfares, Jordan Ranch Boulevard and Texas Heritage Parkway, which provide residents of the District with access to Interstate 10 from the District's internal subdivision streets. Internal subdivision streets also connect to Jordan Crossing Boulevard, a collector road, which provides access to Jordan Ranch Boulevard and Texas Heritage Parkway.

Jordan Ranch Boulevard is designated as a major thoroughfare on the respective major thoroughfare plans of Waller County, Texas, and Fort Bend County, Texas. Jordan Ranch Boulevard and Jordan Crossing Boulevard consist of four (4) lanes within a 100-foot-wide public right-of-way.

Jordan Crossing Boulevard is designated as a collector road on the major thoroughfare plan of Fort Bend County, Texas. Jordan Crossing Boulevard consists of two (2) and four (4) lanes within a 70-foot-wide and 100-foot-wide public right of way, respectively.

Waller County, Texas, and Fort Bend County, Texas, are responsible for ongoing maintenance of public roads in the District that are located within their respective boundaries.

Texas Heritage Parkway is a principal thoroughfare consisting of four (4) lanes within a 200-foot-wide public right-of-way from Interstate 10 to FM 1093 in Waller County, Texas, and Fort Bend County, Texas. It is an extension of Pederson Road in Waller County, Texas, that connects to Jordan Crossing Boulevard within the District. The road is designed to have limited access with roundabouts and designated U-turn lanes to control the flow of traffic.

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

Bond Indebtedness

2024 Assessed Valuation	\$ 928,063,090	(a)
2025 Assessed Valuation	\$1,122,607,026	(b)
Estimated Assessed Valuation as of June 1, 2025	\$1,199,810,950	(c)

Direct Debt:

The Outstanding Bonds (as of the Delivery of the Bonds)	\$ 117,910,000
The Utility Bonds	\$ 22,675,000
The Road Bonds.....	\$ <u>9,150,000</u>
Total.....	\$ 149,735,000

Estimated Overlapping Debt	\$ <u>98,076,746</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 247,811,746	(c)

Direct Debt Ratios:

As a Percentage of the 2024 Assessed Valuation	16.13	%
As a Percentage of the 2025 Assessed Valuation	13.34	%
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	12.48	%

Direct and Estimated Overlapping Debt Ratios:

As a Percentage of the 2024 Assessed Valuation	26.70	%
As a Percentage of the 2025 Assessed Valuation	22.07	%
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	20.65	%

Utility System Debt Service Fund Balance (as of July 14, 2025)	\$	3,799,811	(d)
Road System Debt Service Fund Balance (as of July 14, 2025).....	\$	4,219,737	(e)
Utility System Capital Projects Fund Balance (as of July 14, 2025).....	\$	2,101,614	
Road System Capital Projects Fund Balance (as of July 14, 2025).....	\$	43,734	
General Operating Fund Balance (as of July 14, 2025).....	\$	8,802,280	

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- (a) Represents the assessed valuation of all taxable property within the District as of January 1, 2024, provided by the Appraisal Districts (herein defined). Such amount includes \$75,406 of assessed valuation assigned to properties that remain under review by the Appraisal Review Boards (herein defined). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Boards, upon which the District will levy its tax. See "TAX PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal Districts as the Certified value as of January 1, 2025. Such amount does not reflect any value under review. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Boards, upon which the District will levy its tax. See "TAXING PROCEDURES" and "TAX DATA."
- (c) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of June 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through June 1, 2025. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."
- (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (e) At the delivery of the Utility Bonds, six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.
- (f) At the delivery of the Road Bonds, six (6) months of capitalized interest will be deposited into the Road System Debt Service Fund. Neither Texas law nor the Road 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 by the District for the Utility System, including the Outstanding Utility Bonds and the Utility Bonds.

Direct and Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2024 Assessed Valuation of taxable property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

Taxing Jurisdiction	Outstanding Debt as of July 31, 2025	Overlapping	
		Percent	Amount
Fort Bend County	\$1,043,973,859	0.74%	\$ 7,717,855
Fort Bend County Drainage District	21,645,000	0.75%	161,791
Lamar Consolidated Independent School District	3,058,595,000	2.92%	89,354,746
Waller County	167,045,000	0.11%	177,787
Katy Independent School District	2,219,530,000	0.02%	502,580
Total Estimated Overlapping Debt			\$ 98,076,746
Direct Debt (a)			\$149,735,000
Total Direct and Estimated Overlapping Debt (a)			\$247,811,746

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):

As a Percentage of the 2024 Assessed Valuation	16.13	%
As a Percentage of the 2025 Assessed Valuation	13.34	%
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	12.48	%

Ratio of Direct and Estimated Overlapping Debt (a):

As a Percentage of the 2024 Assessed Valuation	26.70	%
As a Percentage of the 2025 Assessed Valuation	22.07	%
As a Percentage of the Estimated Assessed Valuation as of June 1, 2025	20.65	%

(a) Includes the Outstanding Bonds and the Bonds.

Estimated Debt Service Requirement Schedule

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

Year	Outstanding	The Utility Bonds			The Road Bonds			Total Combined
	Debt Service (a)	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2026	\$ 8,133,645	\$ 390,000	\$ 1,105,406	\$ 1,495,406	\$ 185,000	\$ 446,063	\$ 631,063	\$ 10,260,114
2027	8,095,833	500,000	1,114,250	1,614,250	200,000	448,250	648,250	10,358,333
2028	8,062,364	525,000	1,089,250	1,614,250	210,000	438,250	648,250	10,324,864
2029	8,039,419	550,000	1,063,000	1,613,000	220,000	427,750	647,750	10,300,169
2030	8,008,759	580,000	1,035,500	1,615,500	235,000	416,750	651,750	10,276,009
2031	7,983,919	610,000	1,006,500	1,616,500	245,000	405,000	650,000	10,250,419
2032	7,974,650	640,000	976,000	1,616,000	255,000	392,750	647,750	10,238,400
2033	7,996,900	670,000	944,000	1,614,000	270,000	380,000	650,000	10,260,900
2034	8,012,886	705,000	910,500	1,615,500	285,000	366,500	651,500	10,279,886
2035	8,016,280	740,000	875,250	1,615,250	300,000	352,250	652,250	10,283,780
2036	8,032,249	775,000	838,250	1,613,250	310,000	337,250	647,250	10,292,749
2037	8,064,701	815,000	799,500	1,614,500	330,000	321,750	651,750	10,330,951
2038	8,067,994	855,000	758,750	1,613,750	345,000	305,250	650,250	10,331,994
2039	8,085,331	900,000	716,000	1,616,000	360,000	288,000	648,000	10,349,331
2040	8,105,638	945,000	671,000	1,616,000	380,000	270,000	650,000	10,371,638
2041	8,130,156	990,000	623,750	1,613,750	400,000	251,000	651,000	10,394,906
2042	8,159,481	1,040,000	574,250	1,614,250	420,000	231,000	651,000	10,424,731
2043	7,745,775	1,095,000	522,250	1,617,250	440,000	210,000	650,000	10,013,025
2044	7,763,319	1,150,000	467,500	1,617,500	460,000	188,000	648,000	10,028,819
2045	7,251,719	1,205,000	410,000	1,615,000	485,000	165,000	650,000	9,516,719
2046	6,835,794	1,265,000	349,750	1,614,750	510,000	140,750	650,750	9,101,294
2047	6,375,169	1,330,000	286,500	1,616,500	535,000	115,250	650,250	8,641,919
2048	4,649,925	1,395,000	220,000	1,615,000	560,000	88,500	648,500	6,913,425
2049	2,137,275	1,465,000	150,250	1,615,250	590,000	60,500	650,500	4,403,025
2050	-	1,540,000	77,000	1,617,000	620,000	31,000	651,000	2,268,000
Total	\$179,729,179	\$ 22,675,000	\$ 17,584,406	\$ 40,259,406	\$ 9,150,000	\$ 7,076,813	\$ 16,226,813	\$236,215,398

(a) Outstanding debt as of September 10, 2025.

Combined Estimated Average Annual Debt Service Requirement (2026–2050)\$ 9,448,616

Combined Estimated Maximum Annual Debt Service Requirement (2042)\$ 10,424,731

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Outstanding Utility Bonds, the Utility Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System and to pay the expenses of assessing and collecting such taxes. In the Bond Orders, the District agrees to levy such a tax from year to year as described more fully above under “THE BONDS – Source of Payment.” The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on the Outstanding Road Bonds, the Road Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the Bond Orders, the District agrees to levy such a tax from year to year as described more fully above under “THE BONDS – Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the maintenance and operations of the District for the payment of certain contractual obligations. See “TAX DATA – Tax Rate Limitation.”

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions 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 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 Fort Bend Central Appraisal District and the Waller County Appraisal District (together, the “Appraisal Districts”) have the responsibility for appraising property for all taxing units within Fort Bend County, Texas, and Waller County, Texas, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board and the Waller County Appraisal Review Board (together, the “Appraisal Review Boards”). The appraisal roll as approved by the Appraisal Review Boards must be used by the District in establishing its tax roll and tax rate.

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 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 adopted an exemption of \$10,000 for the 2024 tax year. 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 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between \$5,000 and \$12,000, depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption of the full value of the veteran's residential homestead. 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. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action 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 service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred 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.

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

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Fort Bend County, Texas; Waller County, Texas; and the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, Texas; Waller County, Texas; the City (if it were to annex the District); and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Fort Bend County, Texas; Waller County, Texas; and the City have not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. The Texas Constitution limits

increases in the appraised value of residence homesteads to 10% 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% 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. After the 2024 tax year, through December 31, 2026, the Maximum Property Value 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 was signed into law by the Governor of Texas (the "Governor") on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one (1) political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

The Property Tax Code requires the Appraisal Districts to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal Districts at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts 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 Districts 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 Districts choose to formally include such values on its appraisal roll.

Disaster Exemption

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% damaged by a disaster and located 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.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. A person 65 years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the District. The delinquent tax also accrues interest at a rate of 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 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.

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 can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service 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 in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

Developed Districts

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

Developing Districts

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

The District

For the 2024 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. 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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are 65 years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS – Tax Collections Limitations."

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Orders 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 unlimited amount, for operation and maintenance purposes. For the 2024 tax year, the District levied a total tax rate of \$1.150 per \$100 of assessed valuation composed of the following: a tax rate in the amount of \$0.310 for maintenance and operations purposes; a tax rate in the amount of \$0.415 for payment of debt service on bonds issued for the Utility System; and a tax rate in the amount of \$0.425 for payment of debt service on bonds issued for the Road System.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount)
Road System Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance and Operations:	\$1.500 per \$100 Assessed Taxable Value

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information. The District first levied an ad valorem tax in 2015.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 06/30/2025
2020	\$170,279,732	1.450	2,469,056	99.27%	2021	100.00%
2021	255,619,196	1.400	3,578,669	99.84%	2022	99.00%
2022	412,555,953	1.300	5,363,227	99.72%	2023	99.92%
2023	702,983,029	1.200	8,435,796	99.57%	2024	99.77%
2024	927,987,684	1.150	10,671,858	98.52% (b)	2025	98.52% (b)

(a) Total tax rate per \$100 of assessed valuation for each respective tax year. See "TAX DATA – Tax Rate Distribution."

(b) For the 2024 tax year, represents collections as of 6/30/2025.

Analysis of Tax Base

The following table illustrates the composition of property located within the District for the 2020–2024 tax years:

Type of Property	2024 Assessed Valuation (a)	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation	2020 Assessed Valuation
Land	\$ 225,024,672	\$ 161,891,148	\$ 102,655,690	\$ 83,035,524	\$ 59,677,029
Improvements	760,685,547	570,642,568	331,369,712	186,879,773	121,470,282
Personal Property	3,426,725	1,458,316	861,962	986,156	795,628
Exemptions	<u>(61,149,260)</u>	<u>(31,009,003)</u>	<u>(22,331,411)</u>	<u>(15,282,257)</u>	<u>(11,663,207)</u>
Total	927,987,684	702,983,029	412,555,953	255,619,196	170,279,732

(a) Such amounts do not include \$75,406 of assessed valuation assigned to properties that remain under review by the Appraisal Review Boards. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Boards, upon which the District will levy its tax. See "TAXING PROCEDURES."

Tax Rate Distribution

The following table illustrates the breakdown of the District's tax rate in the 2020–2024 tax years:

	2024	2023	2022	2021	2020
Utility System Debt Service (a)	\$0.415	\$0.440	\$0.480	\$0.530	\$0.600
Road System Debt Service (a)	\$0.425	\$0.390	\$0.320	\$0.200	\$0.220
Maintenance & Operations	<u>\$0.310</u>	<u>\$0.370</u>	<u>\$0.500</u>	<u>\$0.670</u>	<u>\$0.630</u>
Total	\$1.150	\$1.200	\$1.300	\$1.400	\$1.450

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued by the District for the Road System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance."

Principal Taxpayers

Based upon information supplied by the Tax Assessor/Collector, the following table lists principal taxpayers in the District, the types of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2024. Totals may not sum due to rounding.

Taxpayer	Type of Property	Assessed Valuation 2024 Tax Roll	Percent of 2024 Tax Roll
VIC AT JORDAN RANCH LLC	Land & Improvements	\$ 44,967,153	4.86%
BROADSTONE JORDAN RANCH OWNER LP	Land & Improvements	43,000,000	4.65%
FORT BEND JORDAN RANCH LP (a)	Land & Improvements	13,626,478	1.47%
COMMONS AT JORDAN RANCH LLC	Land & Improvements	5,395,582	0.58%
JR CHILDCARE HOLDING LLC	Land & Improvements	2,829,095	0.31%
SHOPS AT JORDAN RANCH LLC	Land & Improvements	2,492,420	0.27%
CORPORATION OF THE PRESIDING BISHOP OF THE CHURCH	Land & Improvements	2,116,145	0.23%
BEAZER HOMES TEXAS LP	Land & Improvements & PP	2,095,828	0.23%
SHOPS AT JORDAN RANCH CROSSING LLC	Land & Improvements	1,241,147	0.13%
PERRY HOMES LLC	Land & Improvements & PP	1,097,703	0.12%
Total		\$118,861,551	12.85%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation that would be required to meet certain combined debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's assessed valuation as of January 1, 2024, of all taxable property located within the District (\$928,063,090); the 2025 Assessed Valuation as of January 1, 2025, of all taxable property located within the District (\$1,122,607,026); or the Estimated Assessed Valuation as of June 1, 2025, of all taxable property located within the District (\$1,199,810,950). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District. Debt service on the Bonds is estimated at an average interest rate of 5.00%.

Combined Estimated Average Annual Debt Service Requirement (2026–2050) on the

Outstanding Bonds and the Bonds	\$ 9,448,616
Combined Tax Rate of \$1.08 on the 2024 Assessed Valuation Produces	\$ 9,521,927
Combined Tax Rate of \$0.89 on the 2025 Assessed Valuation Produces	\$ 9,491,642
Combined Tax Rate of \$0.83 on the Estimated Assessed Valuation (June 1, 2025) Produces	\$ 9,460,509

Combined Estimated Maximum Annual Debt Service Requirement (2042) on the

Outstanding Bonds and the Bonds	\$10,424,731
Combined Tax Rate of \$1.19 on the 2024 Assessed Valuation Produces	\$10,491,753
Combined Tax Rate of \$0.98 on the 2025 Assessed Valuation Produces	\$10,451,471
Combined Tax Rate of \$0.92 on the Estimated Assessed Valuation (June 1, 2025) Produces	\$10,468,348

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2023 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded debt of the District and of such other jurisdictions (see “DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2024 Tax Rate	
	Fort Bend County	Waller County
The District	\$ 1.150000	\$ 1.150000
Fort Bend County	0.412000	-
Fort Bend County Drainage District	0.010000	-
Fort Bend County Emergency Services District No. 4	0.098689	-
Lamar Consolidated Independent School District	1.147000	-
Waller County	-	0.472978
Waller County FM Road	-	0.023043
Waller-Harris Emergency Services District No. 200	-	0.096641
Brookshire-Katy Drainage District	-	0.057898
Katy Independent School District	-	1.117000
Estimated Total Tax Rate	\$ 2.817689	\$ 2.917560

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City; or any political subdivision other than the District, will be secured by two (2) separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied by the District upon all taxable property located within the District. See “THE BONDS – Source of Payment.” The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential development and construction industries, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and

result in higher tax rates. See “DEVELOPMENT WITHIN THE DISTRICT,” “THE DEVELOPER,” and “TAX DATA – Principal Taxpayers.”

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. As illustrated in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” as of January 1, 2024, the District’s principal taxpayers owned property located within the District which comprised of, in aggregate, approximately 12.58% of the total assessed valuation of all taxable property located within the District. As of January 1, 2024, the Developer owned property comprising of approximately 1.47% of the total assessed valuation of all taxable property located within the District. See “THE DEVELOPER – Description.”

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District’s combined Debt Service Fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Orders to maintain any specified amount of surplus in its interest and sinking fund. See “TAX DATA – Principal Taxpayers” and “TAX PROCEDURES – Levy and Collection of Taxes.”

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The assessed valuation as of January 1, 2024, of all taxable property located within the District is \$928,063,090; the 2025 Assessed Valuation as of January 1, 2025, of all taxable property located within the District is \$1,122,607,026; and the Estimated Assessed Valuation as of June 1, 2025 of all taxable property located within the district is \$1,199,810,950. See “TAX DATA.”

After issuance of the Bonds, the combined estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$10,424,731 (2042) and the combined estimated average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$9,448,616 (2026–2050). Assuming no decrease to the District’s assessed valuation as of January 1, 2024, of all taxable property located within the District, tax rates of \$1.19 and \$1.08 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the combined estimated maximum annual debt service requirement and the combined estimated average annual debt service requirement, respectively. Assuming no decrease from the District’s 2025 Assessed Valuation as of January 1, 2025, of all taxable property located within the District, tax rates of \$0.98 and \$0.89 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined estimated maximum annual debt service requirement and the combined estimated average annual debt service requirement, respectively. Assuming no decrease from the District’s Estimated Assessed Valuation as of June 1, 2025, of all taxable property located within the District, tax rates of \$0.92 and \$0.83 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the combined estimated maximum annual debt service requirement and the combined estimated average annual debt service requirement, respectively. See “TAX DATA – Tax Rate Calculations.” The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

For the 2024 tax year, the District levied a total tax rate of \$1.150 per \$100 of assessed valuation composed of the following: a tax rate in the amount of \$0.310 for maintenance and operations purposes; a tax rate in the amount of \$0.415 for payment of debt service on bonds issued for the Utility System; and a tax rate in the amount of \$0.425 for payment of debt service on bonds issued for the Road System. Increases in the District’s tax rate to substantially higher levels than the current tax rate of \$1.150 per \$100 of assessed valuation which the District presently levied may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a registered owner of the Bonds of the District’s obligations to collect sufficient taxes may be a costly and lengthy process.

Competitive Nature of Houston Residential Market

The residential housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in 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, the City of Katy, Texas and the City of Fulshear, Texas that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developer or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Location and Access: The District is located approximately 33 miles west of the central business district of the City of Houston, Texas, approximately four (4) miles west of the City of Katy, Texas and approximately four (4) miles north of the City of Fulshear, Texas. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Tax Collections 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 (2) 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 "TAX PROCEDURES."

Bondholders' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered holders of the Bonds (the "Bondholders") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Orders do not provide for remedies to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

Based on recent Texas court decisions, it is unclear whether, §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Bondholders could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Bondholders would have to initiate and finance the legal process to enforce their remedies.

Bankruptcy Limitation to Bondholders' 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 Bondholder could potentially and adversely impair the value of the Bondholder'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.

Marketability

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

Future Debt

At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of \$164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System, a total of \$87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System, and a total of \$38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized.

The Utility Bonds represent the eighth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System and the Road Bonds represent the eighth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued:

\$78,530,000 for the purpose of constructing or acquiring the Utility System; \$15,380,000 for the purpose of constructing or acquiring the Road System; and \$38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District, as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. The District's issuance of the remaining \$78,530,000 unlimited tax bonds for the purpose of constructing or acquiring the Utility System and the \$38,000,000 unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District shall be subject to approval by the TCEQ. See "THE BONDS – Issuance of Additional Debt."

According to the Developer, following the issuance of the Bonds, the District will owe the Developer approximately \$59,680,963.39 for its expenditures advanced to date for the development of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

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

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one (1) or more districts, although no consolidation is presently contemplated by 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.

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 (8)-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 (2) separate federal ozone standards: the eight (8)-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 (8)-hour ozone standard in 2015 (the “2015 Ozone Standard”). While 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.

On October 7, 2022, the EPA published final notice reclassifying the HGB Area from “serious” to “severe” under the 2008 Ozone Standard, effective November 7, 2022. The “severe” nonattainment area classification 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 attainment deadline for the HGB Area under the 2008 Ozone Standard is July 20, 2027, with an attainment year of 2026.

The HGB Area is currently designated as a “serious” nonattainment area under the 2015 Ozone Standard, effective November 7, 2022. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six (6) counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties. The attainment deadline for the HGB Area under the 2015 Ozone Standard is August 3, 2027, with an attainment year of 2023.

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 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.

On May 25, 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 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.

Dependence on the Oil and Gas Industry

The volatility in oil prices in the U.S. and globally may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. 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 or homebuilding activity within the District. As previously stated, the Bonds are secured by two (2) separate unlimited ad valorem taxes, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

Severe Weather Events

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

The Texas Gulf Coast area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. “500 year flood” events) since 2015. The most recent event was Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four (4) days.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will

even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently 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 interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

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.

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.

Bond Insurance Risk Factors

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

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than

any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy. However, such payments will be made by the 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 "RATINGS."

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 Purchasers have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal 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" for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Changes in Tax Legislation

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the 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 Legislature may enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. On June 23, 2025, the Governor called a special session to begin on July 21, 2025, which will end no later than August 20, 2025. The agenda released by the Governor for the special session includes, in part, "[l]egislation reducing the property tax burden on Texans and legislation imposing spending

limits on entities authorized to impose property taxes.” The District can make no representations or predictions regarding any actions the Texas Legislature may take or the effect of any such actions.

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 may 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 Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

The District will furnish the Initial Purchasers a certificate, dated as of the Date of Delivery of the Bonds, executed by both the President of the Board and the 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 Purchasers 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, 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 is excludable from the gross income of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986 (the “Code”)) for the purpose of determining the alternative minimum tax imposed on corporations, 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 Code, as amended.

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 Bondholders 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 may not be equal to the accrual period or be in excess of one (1) 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 (1) 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 (1) 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.

Not Qualified Tax-Exempt Obligations

The District will not designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Orders, 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 the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA").

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year. The District will provide the updated information to the MSRB.

Any information so provided shall be prepared in accordance with generally accepted accounting principles 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 (6) month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB 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 10 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 of the Securities Exchange Act (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 term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Orders 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 from MSRB

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

During the last five (5) years, the District has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule.

OFFICIAL STATEMENT

General

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

The District's financial statements for the fiscal year ended December 31, 2024, were audited by the Auditor and have been attached hereto as "APPENDIX A." The Auditor has agreed to the publication of such audited financial statements as part of this Official Statement.

Experts

The information contained in this Official Statement relating to development within the District generally and, in particular, the information in the section captioned "DEVELOPMENT WITHIN THE DISTRICT – Current Status" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering matters and to the description of the Utility System generally and, in particular, the engineering information included in the sections captioned "THE UTILITY SYSTEM" and "THE ROAD SYSTEM," has been provided by the Engineer. Such information has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

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

Certification of Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of 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 Fulshear Municipal Utility District No. 3A as of the date shown on the cover of this Official Statement.

/s/ _____
President, Board of Directors
Fulshear Municipal Utility District No. 3A

ATTEST:

/s/ _____
Secretary, Board of Directors
Fulshear Municipal Utility District No. 3A

APPENDIX A
Financial Statements of the District

**FULSHEAR MUNICIPAL
UTILITY DISTRICT NO. 3A**

FORT BEND AND WALLER COUNTIES, TEXAS

FINANCIAL REPORT

December 31, 2024

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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
Fulshear Municipal Utility District No. 3A
Fort Bend and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fulshear Municipal Utility District No. 3A (the "District"), as of and for the year ended December 31, 2024, 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 Fulshear Municipal Utility District No. 3A, as of December 31, 2024, 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
Fulshear Municipal Utility District No. 3A
Fort Bend and Waller Counties, 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
Fulshear Municipal Utility District No. 3A
Fort Bend and Waller Counties, 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
March 25, 2025

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Management's Discussion and Analysis

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***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

Using this Annual Report

This section of the financial report of Fulshear Municipal Utility District No. 3A (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. 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.

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

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 December 31, 2024, was negative \$70,022,969. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend and Waller Counties. A comparative summary of the District's overall financial position, as of December 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 24,559,834	\$ 18,702,762
Capital assets	102,357,887	77,582,739
Total assets	126,917,721	96,285,501
Current liabilities	19,234,365	11,719,252
Long-term liabilities	167,046,203	125,719,713
Total liabilities	186,280,568	137,438,965
Total deferred inflows of resources	10,660,122	8,250,455
Net position		
Net investment in capital assets	(23,852,199)	(18,615,545)
Restricted	1,476,856	1,152,119
Unrestricted	(47,647,626)	(31,940,493)
Total net position	\$ (70,022,969)	\$ (49,403,919)

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

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

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 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 decreased during the current fiscal year by \$21,616,524. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	\$ 8,621,513	\$ 5,453,742
Water and sewer service	2,085,812	1,445,926
Regional water authority fees	1,732,981	1,113,494
Other	2,630,270	1,460,085
Total revenues	<u>15,070,576</u>	<u>9,473,247</u>
Expenses		
Current service operations	5,383,523	4,244,754
Debt interest and fees	4,289,747	2,846,984
Developer interest	4,009,449	2,448,986
Debt issuance costs	2,766,358	3,035,667
Depreciation and amortization	3,229,995	1,854,913
Total expenses	<u>19,679,072</u>	<u>14,431,304</u>
Change in net position before other item	(4,608,496)	(4,958,057)
Other items		
Transfers to other governments	<u>(17,008,028)</u>	<u>(10,596,083)</u>
Change in net position	(21,616,524)	(15,554,140)
Net position, beginning of year (2024 restated)	<u>(48,406,445)</u>	<u>(33,849,779)</u>
Net position, end of year	<u>\$ (70,022,969)</u>	<u>\$ (49,403,919)</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 December 31, 2024, were \$12,815,118, which consists of \$8,190,893 in the General Fund, \$2,773,051 in the Debt Service Fund, and \$1,851,174 in the Capital Projects Fund.

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 11,851,214</u>	<u>\$ 8,822,192</u>
Total liabilities	\$ 767,816	\$ 609,277
Total deferred inflows	2,892,505	2,553,938
Total fund balance	8,190,893	5,658,977
Total liabilities, deferred inflows and fund balance	<u>\$ 11,851,214</u>	<u>\$ 8,822,192</u>

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

	2024	2023
Total revenues	\$ 8,799,367	\$ 5,975,314
Total expenditures	<u>(6,267,451)</u>	<u>(7,478,059)</u>
Revenues over/(under) expenditures	2,531,916	(1,502,745)
Other changes in fund balance		3,151,448
Net change in fund balance	<u>\$ 2,531,916</u>	<u>\$ 1,648,703</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, the provision of water and sewer services to customers within the District, and tap connection fees charged to homebuilders in 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. The 2023 levy was recognized as revenues in the 2024 fiscal year, while the 2022 levy was recognized in the 2023 fiscal year (to the extent that these amounts were collected). While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and regional water authority revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 10,621,785</u>	<u>\$ 7,995,142</u>
Total liabilities	\$ 8,117	\$ 9,027
Total deferred inflows	7,840,617	5,729,845
Total fund balance	<u>2,773,051</u>	<u>2,256,270</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 10,621,785</u>	<u>\$ 7,995,142</u>

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

	2024	2023
Total revenues	\$ 6,147,570	\$ 3,462,568
Total expenditures	<u>(6,302,052)</u>	<u>(3,115,646)</u>
Revenues over/(under) expenditures	(154,482)	346,922
Other changes in fund balance	<u>671,263</u>	<u>864,707</u>
Net change in fund balance	<u>\$ 516,781</u>	<u>\$ 1,211,629</u>

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues and 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 December 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 2,086,835</u>	<u>\$ 1,885,428</u>
Total liabilities	\$ 235,661	\$ -
Total fund balance	<u>1,851,174</u>	<u>1,885,428</u>
Total liabilities and fund balance	<u>\$ 2,086,835</u>	<u>\$ 1,885,428</u>

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

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

	2024	2023
Total revenues	\$ 83,966	\$ 12,642
Total expenditures	(37,504,457)	(32,622,550)
Revenues under expenditures	(37,420,491)	(32,609,908)
Other changes in fund balance	37,386,237	34,465,293
Net change in fund balance	\$ (34,254)	\$ 1,855,385

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds, Series 2024 Unlimited Tax Road Bonds, and Series 2024 Bond Anticipation Note in the current fiscal year and issuance of its Series 2023 Unlimited Tax Bonds, Series 2023 Unlimited Tax Road Bonds, and Series 2023 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board 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 \$1,144,623 greater than budgeted. The *Budgetary Comparison Schedule* on page 44 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers 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.

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

Capital assets held by the District at December 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	\$ 20,572,973	\$ 15,791,892
Construction in progress	2,785,484	6,450,029
	<u>23,358,457</u>	<u>22,241,921</u>
Capital assets being depreciated/amortized		
Infrastructure	66,303,599	46,286,423
Landscaping improvements	18,370,588	11,081,766
Capacity charges	1,504,079	1,504,079
Right-to-use leased assets	3,151,448	3,151,448
	<u>89,329,714</u>	<u>62,023,716</u>
Less accumulated depreciation/amortization		
Infrastructure	(6,152,564)	(3,950,629)
Landscaping improvements	(3,361,667)	(2,382,396)
Capacity charges	(225,834)	(185,889)
Right-to-use leased assets	(590,219)	(163,984)
	<u>(10,330,284)</u>	<u>(6,682,898)</u>
Depreciable/amortizable capital assets, net	<u>78,999,430</u>	<u>55,340,818</u>
Capital assets, net	<u>\$ 102,357,887</u>	<u>\$ 77,582,739</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).

Capital asset additions during the current fiscal year include the following:

- Jordan Ranch Street Dedications 12 and 13 - utilities and sanitary and storm sewer extension
- Jordan Ranch Sections 43, 44, 46, 47, 48 and 49 – utilities
- Jordan Ranch Phase 7 - stormwater detention facilities
- Jordan Ranch Phase 4 - model home park and Section 25 landscape package 2
- Jordan Ranch Phase 4 Sections 26 and 31 - landscape
- Jordan Ranch TX Heritage Parkway - landscape
- Jordan Ranch Section 42 - landscape
- Jordan Ranch Sections 38 and 40 and 41- landscape
- Water Plant No. 1 Phase 1
- Wastewater Treatment Plant Phase 1

The District's construction in progress is for the construction of Wastewater Treatment Plant Phase 2.

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
December 31, 2024***

Fort Bend and Waller Counties assume responsibility (after a one-year maintenance period) for road facilities constructed within their respective boundaries. 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. For the year ended December 31, 2024, capital assets in the amount of \$17,008,028 have been recorded as transfers to other governments in the government-wide statements.

Lease Obligations

The District has entered into various equipment lease obligations for interim wastewater treatment plants. The District recognized right-to-use leased assets and lease obligations in the amount of \$3,151,448 for these leases. The balance due for the leases as of December 31, 2024, was \$2,642,894.

Long-Term Debt and Related Liabilities

As of December 31, 2024, the District owes approximately \$47,069,499 to developers 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. As discussed in Note 8, the District has an additional commitment in the amount of \$20,022,271 for projects under construction by the developers. As noted, the District will owe its developer for these projects 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 is trued up when the developer is reimbursed.

At December 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2018	\$ 4,060,000	\$ 4,210,000
2018 Road	1,335,000	1,385,000
2019	4,935,000	5,100,000
2019 Road	2,460,000	2,540,000
2020	4,590,000	4,745,000
2020 Road	2,280,000	2,355,000
2021	6,710,000	6,935,000
2021 Road	1,360,000	1,405,000
2022	11,450,000	11,730,000
2022 Road	13,320,000	13,650,000
2023	15,860,000	16,275,000
2023 Road	20,685,000	21,225,000
2024	12,025,000	
2024 Road	20,000,000	
	<u>\$ 121,070,000</u>	<u>\$ 91,555,000</u>

***Fulshear Municipal Utility District No. 3A
Management's Discussion and Analysis
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During the current fiscal year, the District issued \$12,025,000 in unlimited tax bonds and \$20,000,000 in unlimited tax road bonds. At December 31, 2024, the District had \$101,205,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$246,450,000 for the refunding of such bonds; \$24,530,000 for road improvements and \$131,850,000 for the refunding of such bonds; and \$38,000,000 for parks and recreational facilities.

During the current fiscal year, the District issued a \$13,145,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 7 for additional information.

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:

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 8,799,367	\$ 7,106,241
Total expenditures	<u>(6,267,451)</u>	<u>(6,539,202)</u>
Revenues over expenditures	2,531,916	567,039
Beginning fund balance	<u>5,658,977</u>	<u>8,190,893</u>
Ending fund balance	<u><u>\$ 8,190,893</u></u>	<u><u>\$ 8,757,932</u></u>

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Basic Financial Statements

Fulshear Municipal Utility District No. 3A
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 440,511	\$ 1,423,120	\$ 3,163	\$ 1,866,794
Investments	7,818,565	3,149,149	2,096,723	13,064,437
Taxes receivable	2,409,181	6,530,781		8,939,962
Customer service receivables	469,253			469,253
Internal balances (Note 5)	494,316	(481,265)	(13,051)	
Prepaid items	191,700			191,700
Other receivables	27,688			27,688
Capital assets not being depreciated (Note 6)				
Capital assets, net (Note 6)				
Total Assets	<u>\$ 11,851,214</u>	<u>\$ 10,621,785</u>	<u>\$ 2,086,835</u>	<u>\$ 24,559,834</u>
Liabilities				
Accounts payable	\$ 298,443	\$ -	\$ -	\$ 298,443
Other payables	20,000	8,117		28,117
Customer deposits	301,825			301,825
Retainage payable			235,661	235,661
Unearned revenue	147,548			147,548
Accrued interest payable				
Bond anticipation note payable (Note 7)				
Due to developer (Note 8)				
Obligations under leases (Note 9)				
Due within one year				
Due after one year				
Long-term debt (Note 10)				
Due within one year				
Due after one year				
Total Liabilities	<u>767,816</u>	<u>8,117</u>	<u>235,661</u>	<u>1,011,594</u>
Deferred Inflows of Resources				
Deferred property taxes (Note 1)	<u>2,892,505</u>	<u>7,840,617</u>		<u>10,733,122</u>
Fund Balances/Net Position				
Fund Balances				
Nonspendable	191,700			191,700
Restricted		2,773,051	1,851,174	4,624,225
Unassigned	7,999,193			7,999,193
Total Fund Balances	<u>8,190,893</u>	<u>2,773,051</u>	<u>1,851,174</u>	<u>12,815,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,851,214</u>	<u>\$ 10,621,785</u>	<u>\$ 2,086,835</u>	<u>\$ 24,559,834</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
\$ -	\$ 1,866,794
	13,064,437
	8,939,962
	469,253
	191,700
	27,688
23,358,457	23,358,457
78,999,430	78,999,430
<u>102,357,887</u>	<u>126,917,721</u>
	298,443
	28,117
	301,825
	235,661
	147,548
1,341,581	1,341,581
13,145,000	13,145,000
47,069,499	47,069,499
576,190	576,190
2,066,704	2,066,704
3,160,000	3,160,000
117,910,000	117,910,000
<u>185,268,974</u>	<u>186,280,568</u>
<u>(73,000)</u>	<u>10,660,122</u>
(191,700)	
(4,624,225)	
<u>(7,999,193)</u>	
<u>(12,815,118)</u>	
(23,852,199)	(23,852,199)
1,476,856	1,476,856
<u>(47,647,626)</u>	<u>(47,647,626)</u>
<u>\$ (70,022,969)</u>	<u>\$ (70,022,969)</u>

Fulshear Municipal Utility District No. 3A

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	\$ 704,432	\$ -	\$ -	\$ 704,432
Sewer service	1,381,380			1,381,380
Property taxes	2,612,507	5,833,476		8,445,983
Penalties and interest	50,199	85,658		135,857
Regional water authority fees	1,732,981			1,732,981
Tap connection and inspection	1,465,848			1,465,848
Capital recovery fees	444,076			444,076
Miscellaneous	16,754	70		16,824
Investment earnings	391,190	228,366	83,966	703,522
Total Revenues	8,799,367	6,147,570	83,966	15,030,903
Expenditures/Expenses				
Current service operations				
Purchased services	759,137			759,137
Professional fees	339,487			339,487
Contracted services	1,169,238	144,259		1,313,497
Repairs and maintenance	786,028			786,028
Utilities	384,547			384,547
Regional water authority fees	1,580,821			1,580,821
Administrative	146,368	16,214		162,582
Other	31,794	25,600	30	57,424
Capital outlay	551,481		30,414,092	30,965,573
Debt service				
Principal	368,686	2,510,000		2,878,686
Interest and fees	149,864	3,605,979	314,528	4,070,371
Developer interest			4,009,449	4,009,449
Debt issuance costs			2,766,358	2,766,358
Depreciation and amortization (Note 6)				
Total Expenditures/Expenses	6,267,451	6,302,052	37,504,457	50,073,960
Revenues Over/(Under) Expenditures/Expenses	2,531,916	(154,482)	(37,420,491)	(35,043,057)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds (Note 10)		671,263	31,353,737	32,025,000
Proceeds from bond anticipation note (Note 7)			13,145,000	13,145,000
Repayment of bond anticipation note (Note 7)			(7,030,000)	(7,030,000)
Repayment of operating advances (Note 8)			(82,500)	(82,500)
Other Items				
Transfers to other governments (Note 12)				
Net Change in Fund Balances	2,531,916	516,781	(34,254)	3,014,443
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year, as reported	5,658,977	2,256,270	1,885,428	9,800,675
Change due to new accounting guidance (See Note 3)				
Beginning of the year, as restated				
End of the year	\$ 8,190,893	\$ 2,773,051	\$ 1,851,174	\$ 12,815,118

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 704,432
	1,381,380
31,448	8,477,431
8,225	144,082
	1,732,981
	1,465,848
	444,076
	16,824
	703,522
<u>39,673</u>	<u>15,070,576</u>
	759,137
	339,487
	1,313,497
	786,028
	384,547
	1,580,821
	162,582
	57,424
(30,965,573)	
(2,878,686)	
219,376	4,289,747
	4,009,449
	2,766,358
<u>3,229,995</u>	<u>3,229,995</u>
<u>(30,394,888)</u>	<u>19,679,072</u>
30,434,561	(4,608,496)
(32,025,000)	
(13,145,000)	
7,030,000	
82,500	
<u>(17,008,028)</u>	<u>(17,008,028)</u>
(3,014,443)	
(21,616,524)	(21,616,524)
(59,204,594)	(49,403,919)
997,474	997,474
<u>(48,406,445)</u>	<u>(48,406,445)</u>
<u>\$ (82,838,087)</u>	<u>\$ (70,022,969)</u>

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Fulshear Municipal Utility District No. 3A
Notes to Financial Statements
December 31, 2024

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fulshear Municipal Utility District No. 3A (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 and Merger

Fulshear Municipal Utility District No. 3 (“MUD 3”) was created pursuant to Senate Bill 1910, 83rd Legislature of the State of Texas, Regular Session, (the “Act”) codified as Chapter 8487, Texas Special District Local Laws Code, in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and confirmed at an election held on May 9, 2015. On August 18, 2015, the City Council of the City of Fulshear consented to the division of MUD 3 into two Districts: Fulshear Municipal Utility District No. 3A (“MUD 3A”) and Fulshear Municipal Utility District No. 3B (“MUD 3B”). On December 16, 2022, MUD 3A and MUD 3B entered into that certain Assignment and Assumption of Assets and Liabilities (the “Agreement”) pursuant to which the MUD 3A and MUD 3B agreed that all assets and liabilities of MUD 3B existing on the effective date of the Agreement would be assigned to and assumed by MUD 3A and that MUD 3B would cease to exist. All lands within MUD 3B were removed from MUD 3B and annexed by MUD 3A. The Agreement was executed to better serve residents within the boundaries of MUD 3A and MUD 3B.

All references to the “District” in this report refer to the combined entity of MUD 3A and MUD 3B. To ensure clarity of certain note disclosures, each district may be referred to as MUD 3A or MUD 3B.

The District operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 21, 2015, and the first bonds were issued on February 27, 2018. 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.

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. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds.
- 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

Fulshear Municipal Utility District No. 3A
Notes to Financial Statements
December 31, 2024

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.

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 December 31, 2024, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

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 \$250,000.

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Capital assets are recorded at historical cost or estimated historical cost. Right-to-use leased assets are valued at the present value of lease payments. 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, drainage facilities and landscaping improvements are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Landscaping improvements	20 years
Right-to-use leased assets	5 years
Capacity charges	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. Additionally, collections of the 2024 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2024 property tax levy, which was levied to finance the 2025 fiscal year.

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.

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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 and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the 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 and Waller Counties 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.

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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	\$ 12,815,118
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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	\$ 112,688,171	
Less accumulated depreciation	<u>(10,330,284)</u>	
		102,357,887

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	(1,341,581)	
Lease obligations	(2,642,894)	
Due to developer	(47,069,499)	
Bond anticipation note payable	(13,145,000)	
Bonds payable, net	<u>(121,070,000)</u>	
		(185,268,974)

Deferred inflows in the fund statements consist of the unavailable portion of property taxes receivable, as well as collections of the District's 2024 property tax levy. In the *Statement of Net Position*, deferred inflows consist of the entire 2024 property tax levy.

73,000

Total net position - governmental activities	<u><u>\$ (70,022,969)</u></u>
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Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$ 3,014,443
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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 *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.

39,673

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 the following:

Capital outlays	\$ 30,965,573	
Transfers to other governments	(17,008,028)	
Depreciation/amortization expense	<u>(3,229,995)</u>	
		10,727,550

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:

Issuance of long-term debt	(32,025,000)	
Repayment of developer advances	82,500	
Repayment of bond anticipation note	7,030,000	
Bond anticipation note proceeds	(13,145,000)	
Principal payments	2,878,686	
Interest expense accrual	<u>(219,376)</u>	
		(35,398,190)

Change in net position of governmental activities	<u><u>\$ (21,616,524)</u></u>
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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*.

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 \$997,474 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 and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

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,

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(11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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

As of December 31, 2024, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 920,000	7%	N/A	N/A
TexSTAR	General	6,898,565			
	Debt Service	3,149,149			
	Capital Projects	2,096,723			
		<u>12,144,437</u>	<u>93%</u>	AAAm	35 days
Total		<u>\$ 13,064,437</u>	<u>100%</u>		

The District's investments in certificates of deposit are reported at cost.

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.

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Notes to Financial Statements
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Note 5 – Interfund Balances and Transactions

Amounts due to/from other funds at December 31, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 480,615	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	650	Arbitrage expenses paid by the General Fund
General Fund	Capital Projects Fund	13,051	Bond application fees and capital outlay paid by the General Fund

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

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2024, is as follows:

	Beginning Balances	Increases/ Decreases	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 15,791,892	\$ 4,781,081	\$ 20,572,973
Construction in progress	6,450,029	(3,664,545)	2,785,484
	<u>22,241,921</u>	<u>1,116,536</u>	<u>23,358,457</u>
Capital assets being depreciated/amortized			
Infrastructure	47,701,288	18,602,311	66,303,599
Landscaping improvements	11,081,766	7,288,822	18,370,588
Capacity charges	1,504,079		1,504,079
Right-to-use leased assets	3,151,448		3,151,448
	<u>63,438,581</u>	<u>25,891,133</u>	<u>89,329,714</u>
Less accumulated depreciation/amortization			
Infrastructure	(4,368,020)	(1,784,544)	(6,152,564)
Landscaping improvements	(2,382,396)	(979,271)	(3,361,667)
Capacity charges	(185,889)	(39,945)	(225,834)
Right-to-use leased assets	(163,984)	(426,235)	(590,219)
	<u>(7,100,289)</u>	<u>(3,229,995)</u>	<u>(10,330,284)</u>
Subtotal depreciable capital assets, net	<u>56,338,292</u>	<u>22,661,138</u>	<u>78,999,430</u>
Capital assets, net	<u>\$ 78,580,213</u>	<u>\$ 23,777,674</u>	<u>\$ 102,357,887</u>

Depreciation/amortization expense for the current fiscal year was \$3,229,995. 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

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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 – Bond Anticipation Note

The District uses a bond anticipation note (“BAN”) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of \$7,030,000. This BAN was repaid on September 26, 2024, with proceeds from the issuance of the District’s Series 2024 Unlimited Tax Bonds. On December 20, 2024, the District issued a \$13,145,000 BAN with an interest rate of 4.835% which is due on December 19, 2025.

The effect of these transactions on the District’s short-term obligations are as follows:

Beginning balance	\$ 7,030,000
Amounts borrowed	13,145,000
Amounts repaid	<u>(7,030,000)</u>
Ending balance	<u>\$ 13,145,000</u>

Note 8 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers 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 developers have also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	\$ 34,101,876
Developer reimbursements	(29,972,332)
Developer funded construction and adjustments	43,022,455
Repayment of operating advances	<u>(82,500)</u>
Due to developer, end of year	<u>\$ 47,069,499</u>

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In addition, the District will owe the developers approximately \$20,022,271, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Jordan Ranch Phase 6 - stormwater detention facilities	\$ 3,248,464	95%
Jordan Ranch Street Dedications No. 14 and 15 and Woods Commercial Extension - utilities	5,121,261	40%
Water Plant No. 1 Well No. 2	2,750,235	0%
Driveway Extension for water and wastewater treatment plant	89,247	0%
Traffic signal at Jordan Crossing Boulevard and Birch View Lane	383,803	2%
Jordan Ranch Section 54 - utilities and paving	2,625,951	0%
Regency Centers at Jordan Ranch - utilities	695,500	95%
Construction of Traffic Turn Lanes at Regency Centers Jordan Ranch	721,118	66%
Jordan Ranch Section 34 - lift station	1,040,822	90%
Jordan Ranch Section 35, 36, 37, 39 - landscaping	781,407	90%
Jordan Ranch Section 43 - landscaping	514,434	60%
Jordan Ranch Section 44 - landscaping	559,322	40%
Jordan Ranch Section 46 and 47 - landscaping	719,948	60%
Jordan Ranch Section 48 and 49 - landscaping	770,759	70%
	<u>\$ 20,022,271</u>	

Note 9 – Lease Obligations

The District has entered into multiple equipment lease agreements for interim wastewater treatment plants. The terms of these leases resulted in the recognition of right-to-use leased assets and lease obligations in the government-wide statements measured at the present value of future lease payments.

The following table summarizes the key terms of the District's lease obligations:

Description	Gallons Per Day	Effective Date	Term	Interest Rate	Annual Payment	Original Liability	Remaining Balance
WWTP Phase 1	120,000	11/1/2022	5 years	8.0%	\$ 171,000	\$ 702,788	\$ 432,231
WWTP Phase 2	600,000	6/1/2024	5 years	8.0%	347,550	2,448,660	2,210,663
					<u>\$ 518,550</u>	<u>\$ 3,151,448</u>	<u>\$ 2,642,894</u>

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Annual requirements to amortize long-term lease obligations and related interest are as follows:

Year Ended	Principal	Interest	Total
2025	\$ 576,190	\$ 190,610	\$ 766,800
2026	624,016	142,784	766,800
2027	647,213	91,087	738,300
2028	552,116	43,684	595,800
2029	243,359	4,891	248,250
	<u>\$ 2,642,894</u>	<u>\$ 473,056</u>	<u>\$ 3,115,950</u>
Due within one year	<u>\$ 576,190</u>	<u>\$ 190,610</u>	<u>\$ 766,800</u>

All leases contain standard lease terms that state that the leases shall automatically be extended on a month-to-month basis after the initial term of the lease, unless otherwise terminated.

The District is responsible for all ordinary expenses related to repairing and maintaining the equipment under all leases.

The allocation of lease payments between principal and interest for the current fiscal year is as follows:

Description	Annual Payment	Principal	Interest
WWTP Phase 1	\$ 171,000	\$ 130,689	\$ 40,311
WWTP Phase 2	347,550	237,997	109,553
Totals	<u>\$ 518,550</u>	<u>\$ 368,686</u>	<u>\$ 149,864</u>

Note 10 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 121,070,000</u>
Due within one year	<u>\$ 3,160,000</u>

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December 31, 2024

The District's bonds payable at December 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018	\$ 4,060,000	\$ 4,860,000	2.00% - 4.00%	September 1, 2019 - 2042	March 1, September 1	September 1, 2023
2018 Road	1,335,000	1,600,000	2.00% - 4.00%	September 1, 2019 - 2042	March 1, September 1	September 1, 2023
2019	4,935,000	5,670,000	3.00% - 5.00%	September 1, 2020 - 2044	March 1, September 1	September 1, 2024
2019 Road	2,460,000	2,830,000	2.00% - 4.50%	September 1, 2020 - 2024	March 1, September 1	September 1, 2024
2020	4,590,000	5,180,000	2.00% - 4.00%	September 1, 2021 - 2045	March 1, September 1	September 1, 2025
2020 Road	2,280,000	2,575,000	2.00% - 4.00%	September 1, 2021 - 2045	March 1, September 1	September 1, 2025
2021	6,710,000	7,355,000	2.00% - 4.00%	September 1, 2022 - 2046	March 1, September 1	September 1, 2026
2021 Road	1,360,000	1,490,000	2.00% - 4.50%	September 1, 2022 - 2046	March 1, September 1	September 1, 2026
2022	11,450,000	11,730,000	3.625% - 6.125%	September 1, 2024 - 2047	March 1, September 1	July 1, 2027
2022 Road	13,320,000	13,650,000	3.625% - 6.125%	September 1, 2024 - 2047	March 1, September 1	July 1, 2027
2023	15,860,000	16,275,000	4.00% - 6.50%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2023 Road	20,685,000	21,225,000	4.00% - 6.50%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2024	12,025,000	12,025,000	3.50% - 5.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2030
2024 Road	20,000,000	20,000,000	3.50% - 5.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2030
	<u>\$ 121,070,000</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 December 31, 2024, the District had authorized but unissued bonds in the amount of \$101,205,000 for water, sewer and drainage facilities and \$246,450,000 for the refunding of such bonds; \$24,530,000

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Notes to Financial Statements
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for road improvements and \$131,850,000 for the refunding of such bonds; and \$38,000,000 for park and recreational facilities.

On September 26, 2024, the District issued its \$12,025,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.194917%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a \$7,030,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

On September 26, 2024, the District issued its \$20,000,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.194421%. Proceeds of the bonds were used to reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$ 91,555,000
Bonds issued	32,025,000
Bonds retired	<u>(2,510,000)</u>
Bonds payable, end of year	<u><u>\$ 121,070,000</u></u>

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December 31, 2024

As of December 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	\$ 3,160,000	\$ 4,843,372	\$ 8,003,372
2026	3,360,000	4,773,645	8,133,645
2027	3,490,000	4,605,832	8,095,832
2028	3,630,000	4,432,364	8,062,364
2029	3,780,000	4,259,419	8,039,419
2030	3,930,000	4,078,759	8,008,759
2031	4,095,000	3,888,919	7,983,919
2032	4,270,000	3,704,651	7,974,651
2033	4,455,000	3,541,901	7,996,901
2034	4,640,000	3,372,888	8,012,888
2035	4,820,000	3,196,281	8,016,281
2036	5,020,000	3,012,249	8,032,249
2037	5,245,000	2,819,701	8,064,701
2038	5,450,000	2,617,994	8,067,994
2039	5,680,000	2,405,332	8,085,332
2040	5,925,000	2,180,639	8,105,639
2041	6,175,000	1,955,155	8,130,155
2042	6,440,000	1,719,480	8,159,480
2043	6,275,000	1,470,774	7,745,774
2044	6,535,000	1,228,318	7,763,318
2045	6,270,000	981,718	7,251,718
2046	6,095,000	740,794	6,835,794
2047	5,875,000	500,169	6,375,169
2048	4,390,000	259,925	4,649,925
2049	2,065,000	72,275	2,137,275
	<u>\$ 121,070,000</u>	<u>\$ 66,662,554</u>	<u>\$ 187,732,554</u>

Note 11 – Property Taxes

On November 15, 2015, 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, for use in financing road improvements limited to \$1.50 per \$100 of assessed value, and for financing parks and recreational improvements limited to \$0.10 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central Appraisal District and Waller County 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

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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 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$1.20 per \$100 of assessed value, of which \$0.37 was allocated to maintenance and operations, \$0.44 was allocated to water, sewer, and drainage debt service, and \$0.39 was allocated to road debt service. The resulting tax levy was \$8,441,745 on the adjusted taxable value of \$703,478,747.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2024 levy collections in the amount of \$1,792,977 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2024 tax levy of \$10,660,122 is reported as deferred inflows. These amounts will be recognized as revenue in 2025.

Property taxes receivable, at December 31, 2024, consisted of the following:

Current year taxes receivable	\$ 8,867,145
Prior years taxes receivable	57,910
	8,925,055
Penalty and interest receivable	14,907
Property taxes receivable	<u>\$ 8,939,962</u>

Note 12 – Transfers to Other Governments

Fort Bend and Waller Counties assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend and Waller Counties, not the District. The estimated cost of each road project is recorded as a transfer to other governments upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended December 31, 2024, the District recorded transfers to other governments in the amount of \$17,008,028 for road facilities constructed by the developer within the District.

Note 13 – North Fort Bend Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the "Authority"), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal.

As of December 31, 2024 the Authority's rates are \$4.55 per 1,000 gallons of water imported from WCF MUD's wells and supplied to the District. This rate is subject to future increases. The District

Fulshear Municipal Utility District No. 3A
Notes to Financial Statements
December 31, 2024

passes these costs on to its customers plus 10%. During the current year, the District recognized \$1,732,981 in revenues and \$1,580,821 in expenditures related to regional water authority import fees.

Note 14 – Utility Agreement with the City of Fulshear

The District and the City of Fulshear (the “City”) entered into a Utility Agreement effective March 2, 2015. Pursuant to the Agreement, the District will provide water supply and distribution, wastewater collection and treatment and drainage services to serve residents within the District. The City had the option to construct a wastewater conveyance trunkline to extend to the periphery of the District and provide wastewater service to the District; however, the deadline to do so has expired and the District now provides wastewater services within its boundaries on a permanent basis. The term of the agreement is 45 years.

Note 15 – Agreement with Willow Creek Farms Municipal Utility District

Water Supply

Water supply to the District is provided in part pursuant to an agreement with Willow Creek Farms Municipal Utility District (“WCF MUD”) for joint water plant operations, which was originally executed June 11, 2015, by MUD 3B and has been subsequently amended to include MUD 3A. The agreement establishes the terms and conditions under which the participants will share the costs associated with the construction, expansion and operation of the joint facilities and is effective for a term of 40 years. Pursuant to the agreement, the District owns 49% of the capacity in the joint water plant.

The District has paid capacity charges to WCF MUD for its share of the cost of construction of the joint water plant. The District is billed monthly for maintenance and operating costs based on the District’s pro-rata share of gallons used by the District to the total gallons produced by the joint water plant for the month. During the current fiscal year, the District recorded expenditures in the amount of \$294,378 for joint water plant operations.

Wastewater Treatment

Wastewater treatment for the District is provided in part pursuant to an agreement with WCF MUD for joint wastewater treatment services, which was originally executed by MUD 3B on June 11, 2015, and has been subsequently amended to include MUD 3A. The agreement establishes the terms under which the participants will share the costs associated with the construction, expansion and operation of the joint facilities. The term of the agreement is 5 years from the effective date with the option to renew for successive one-year terms. Pursuant to the agreement, the District owns 37% of the capacity in the plant.

The District has paid capacity charges to WCF MUD for its share of the cost of construction of the joint wastewater treatment plant. The District is billed monthly for maintenance and operating costs based on the District’s proportionate share of ownership capacity in the plant. During the current year, the District recorded expenditures in the amount of \$464,760 for joint wastewater treatment plant operations.

Fulshear Municipal Utility District No. 3A
Notes to Financial Statements
December 31, 2024

Note 16 – Capital Recovery Fees

During the current fiscal year, the District received \$444,076 from Lamar Consolidated Independent School District (“LCISD”) in capital recovery fees for the construction costs related to the extension of certain District facilities to serve a proposed elementary school to be located on a 13.9 acre tract owned by LCISD within the boundaries of the District. This fee represents LCISD’s proportionate share of costs necessary to construct the facilities.

Note 17 – 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.

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Required Supplementary Information

Fulshear Municipal Utility District No. 3A

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 900,000	\$ 704,432	\$ (195,568)
Sewer service	900,000	1,381,380	481,380
Property taxes	2,295,245	2,612,507	317,262
Penalties and interest	30,000	50,199	20,199
Regional water authority fees	1,100,000	1,732,981	632,981
Tap connection and inspection	600,000	1,465,848	865,848
Capital recovery fees		444,076	444,076
Miscellaneous		16,754	16,754
Investment earnings	20,000	391,190	371,190
Total Revenues	5,845,245	8,799,367	2,954,122
Expenditures			
Current service operations			
Purchased services	698,152	759,137	(60,985)
Professional fees	216,000	339,487	(123,487)
Contracted services	717,500	1,169,238	(451,738)
Repairs and maintenance	371,000	786,028	(415,028)
Utilities	160,000	384,547	(224,547)
Regional water authority fees	1,000,000	1,580,821	(580,821)
Administrative	113,500	146,368	(32,868)
Other	15,000	31,794	(16,794)
Capital outlay	400,000	551,481	(151,481)
Debt service			
Lease - principal	766,800	368,686	398,114
Lease - interest		149,864	(149,864)
Total Expenditures	4,457,952	6,267,451	(1,809,499)
Revenues Over Expenditures	1,387,293	2,531,916	1,144,623
Fund Balance			
Beginning of the year	5,658,977	5,658,977	
End of the year	\$ 7,046,270	\$ 8,190,893	\$ 1,144,623

Fulshear Municipal Utility District No. 3A
Notes to Required Supplementary Information
December 31, 2024

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

Fulshear Municipal Utility District No. 3A
TSI-1. Services and Rates
December 31, 2024

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

- ☒ Retail Water ☐ Wholesale Water ☐ Solid Waste / Garbage ☒ Drainage
☒ Retail Wastewater ☐ Wholesale Wastewater ☐ Flood Control ☐ Irrigation
☒ Parks / Recreation ☐ Fire Protection ☒ Roads ☐ Security
☒ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
☐ 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:	\$ 18.00	N/A	N	\$ 1.20	10,001	to	15,000
				\$ 1.50	15,001	to	20,000
				\$ 1.75	20,001	to	25,000
Wastewater:	\$ 32.50	N/A	Y	\$ 2.00	25,001	to	no limit
						to	
Surcharge:	\$ -	0	N	\$ 5.01	0	to	no limit

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

Total charges per 10,000 gallons usage: Water \$ 68.10 Wastewater \$ 32.50

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"	1,467	1,460	x 1.0	1,460
1"	735	729	x 2.5	1,823
1.5"	7	7	x 5.0	35
2"	91	91	x 8.0	728
3"	1	1	x 15.0	15
4"	1	1	x 25.0	25
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water	2,304	2,291		4,246
Total Wastewater	2,177	2,164	x 1.0	2,164

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-1. Services and Rates
December 31, 2024

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

Gallons pumped into system:	<u>354,475,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>351,635,000</u>	(Gallons billed / Gallons pumped)
		<u>99.20%</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 and Waller Counties

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 Fulshear

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

If Yes, by whom? _____

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2024

Purchased services	\$ 759,137
Professional fees	
Legal	137,739
Audit	15,000
Engineering	186,748
	<u>339,487</u>
Contracted services	
Bookkeeping	18,206
Operator	128,317
Garbage collection	508,632
Inspection	180,381
Security	243,703
Sludge removal	89,999
	<u>1,169,238</u>
Repairs and maintenance	<u>786,028</u>
Utilities	<u>384,547</u>
Regional water authority costs	<u>1,580,821</u>
Administrative	
Directors fees	12,597
Printing and office supplies	93,575
Insurance	27,928
Other	12,268
	<u>146,368</u>
Other	<u>31,794</u>
Capital outlay	<u>551,481</u>
Debt service	
Lease - principal	368,686
Lease - interest	149,864
	<u>518,550</u>
Total expenditures	<u>\$ 6,267,451</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-3. Investments
December 31, 2024

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
TexSTAR	Variable	N/A	\$ 6,898,565	\$ -
Certificate of deposit	4.61%	03/22/25	230,000	2,876
Certificate of deposit	4.95%	03/22/25	230,000	3,088
Certificate of deposit	5.15%	06/09/25	230,000	714
Certificate of deposit	5.15%	03/22/25	230,000	8,989
			<u>7,818,565</u>	<u>15,667</u>
Debt Service				
TexSTAR	Variable	N/A	<u>3,149,149</u>	<u></u>
Capital Projects				
TexSTAR	Variable	N/A	<u>2,096,723</u>	<u></u>
Total - All Funds			<u>\$ 13,064,437</u>	<u>\$ 15,667</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-4. Taxes Levied and Receivable
December 31, 2024

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 2,221,899	\$ 2,639,438	\$ 2,336,825	\$ 7,198,162
Adjustments to Prior Year Tax Levy	55,012	66,337	59,653	181,002
Adjusted Receivable	2,276,911	2,705,775	2,396,478	7,379,164
2024 Original Tax Levy	2,865,529	3,836,111	3,928,548	10,630,188
Adjustments	8,070	10,802	11,062	29,934
Adjusted Tax Levy	2,873,599	3,846,913	3,939,610	10,660,122
Rollback Taxes	21,831	17,347	6,612	45,790
Total to be accounted for	5,172,341	6,570,035	6,342,700	18,085,076
Tax collections:				
Current year	483,324	647,031	662,622	1,792,977
Prior years	2,279,834	2,701,838	2,385,372	7,367,044
Total Collections	2,763,158	3,348,869	3,047,994	9,160,021
Taxes Receivable, End of Year	\$ 2,409,183	\$ 3,221,166	\$ 3,294,706	\$ 8,925,055
Taxes Receivable, By Years				
2024	\$ 2,390,275	\$ 3,199,882	\$ 3,276,988	\$ 8,867,145
2023	14,515	17,261	15,300	47,076
2022	3,246	3,116	2,077	8,439
2021	1,147	907	341	2,395
Taxes Receivable, End of Year	\$ 2,409,183	\$ 3,221,166	\$ 3,294,706	\$ 8,925,055
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 225,605,655	\$ 161,893,738	\$ 102,655,690	\$ 79,779,770
Improvements	746,960,680	571,124,276	331,369,712	186,879,773
Personal Property	2,585,565	1,458,316	861,962	986,156
Exemptions	(48,184,748)	(30,997,583)	(22,341,411)	(15,282,257)
Total Property Valuations	\$ 926,967,152	\$ 703,478,747	\$ 412,545,953	\$ 252,363,442
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.310	\$ 0.37	\$ 0.50	\$ 0.67
WSD debt service tax rates	0.415	0.44	0.48	0.53
Road debt service tax rates	0.425	0.39	0.32	0.20
Total Tax Rates per \$100 Valuation	\$ 1.150	\$ 1.20	\$ 1.30	\$ 1.40
Adjusted Tax Levy:	\$ 10,660,122	\$ 8,441,745	\$ 5,363,097	\$ 3,533,088
Percentage of Taxes Collected to Taxes Levied **	16.82%	99.44%	99.84%	99.93%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 12, 2015

** Maximum Road Tax Rate Approved by Voters: \$1.50 on November 12, 2015

***Maximum Park Tax Rate Approved by Voters: \$0.10 on November 12, 2015

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

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 155,000	\$ 149,014	\$ 304,014
2026	160,000	144,519	304,519
2027	170,000	139,719	309,719
2028	175,000	134,449	309,449
2029	185,000	128,849	313,849
2030	190,000	122,744	312,744
2031	200,000	115,144	315,144
2032	205,000	107,144	312,144
2033	215,000	98,944	313,944
2034	225,000	91,419	316,419
2035	235,000	83,263	318,263
2036	245,000	74,744	319,744
2037	255,000	65,556	320,556
2038	265,000	55,994	320,994
2039	275,000	45,725	320,725
2040	290,000	35,069	325,069
2041	300,000	23,831	323,831
2042	315,000	12,206	327,206
	<u>\$ 4,060,000</u>	<u>\$ 1,628,333</u>	<u>\$ 5,688,333</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 50,000	\$ 48,620	\$ 98,620
2026	55,000	47,120	102,120
2027	55,000	45,470	100,470
2028	60,000	43,765	103,765
2029	60,000	41,845	101,845
2030	60,000	39,865	99,865
2031	65,000	37,825	102,825
2032	70,000	35,550	105,550
2033	70,000	33,100	103,100
2034	75,000	30,580	105,580
2035	75,000	27,880	102,880
2036	80,000	25,105	105,105
2037	85,000	22,145	107,145
2038	85,000	19,000	104,000
2039	90,000	15,600	105,600
2040	95,000	12,000	107,000
2041	100,000	8,200	108,200
2042	105,000	4,200	109,200
	<u>\$ 1,335,000</u>	<u>\$ 537,870</u>	<u>\$ 1,872,870</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 170,000	\$ 148,050	\$ 318,050
2026	175,000	142,950	317,950
2027	185,000	137,700	322,700
2028	190,000	132,150	322,150
2029	195,000	126,450	321,450
2030	205,000	120,600	325,600
2031	210,000	114,450	324,450
2032	220,000	108,150	328,150
2033	230,000	101,550	331,550
2034	235,000	94,650	329,650
2035	245,000	87,600	332,600
2036	255,000	80,250	335,250
2037	265,000	72,600	337,600
2038	275,000	64,650	339,650
2039	285,000	56,400	341,400
2040	295,000	47,850	342,850
2041	305,000	39,000	344,000
2042	320,000	29,850	349,850
2043	330,000	20,250	350,250
2044	345,000	10,350	355,350
	<u>\$ 4,935,000</u>	<u>\$ 1,735,500</u>	<u>\$ 6,670,500</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 85,000	\$ 67,962	\$ 152,962
2026	90,000	64,350	154,350
2027	90,000	62,550	152,550
2028	95,000	60,750	155,750
2029	100,000	58,850	158,850
2030	100,000	56,850	156,850
2031	105,000	54,600	159,600
2032	110,000	52,106	162,106
2033	115,000	49,356	164,356
2034	120,000	46,338	166,338
2035	125,000	43,188	168,188
2036	125,000	39,750	164,750
2037	130,000	36,000	166,000
2038	135,000	32,100	167,100
2039	140,000	28,050	168,050
2040	145,000	23,850	168,850
2041	155,000	19,500	174,500
2042	160,000	14,850	174,850
2043	165,000	10,050	175,050
2044	170,000	5,100	175,100
	<u>\$ 2,460,000</u>	<u>\$ 826,150</u>	<u>\$ 3,286,150</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 160,000	\$ 99,119	\$ 259,119
2026	165,000	95,919	260,919
2027	170,000	92,618	262,618
2028	175,000	89,218	264,218
2029	180,000	85,718	265,718
2030	185,000	82,118	267,118
2031	190,000	78,418	268,418
2032	195,000	74,619	269,619
2033	205,000	70,719	275,719
2034	210,000	66,619	276,619
2035	215,000	62,419	277,419
2036	220,000	58,119	278,119
2037	230,000	53,719	283,719
2038	235,000	48,831	283,831
2039	240,000	43,838	283,838
2040	250,000	38,438	288,438
2041	255,000	32,813	287,813
2042	265,000	27,075	292,075
2043	275,000	20,781	295,781
2044	280,000	14,250	294,250
2045	290,000	7,250	297,250
	<u>\$ 4,590,000</u>	<u>\$ 1,242,618</u>	<u>\$ 5,832,618</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 80,000	\$ 50,032	\$ 130,032
2026	80,000	46,832	126,832
2027	85,000	45,231	130,231
2028	85,000	43,531	128,531
2029	90,000	41,831	131,831
2030	90,000	40,031	130,031
2031	95,000	38,231	133,231
2032	100,000	36,331	136,331
2033	100,000	34,331	134,331
2034	105,000	32,331	137,331
2035	105,000	30,231	135,231
2036	110,000	28,131	138,131
2037	115,000	25,931	140,931
2038	115,000	23,631	138,631
2039	120,000	21,188	141,188
2040	125,000	18,638	143,638
2041	130,000	15,825	145,825
2042	130,000	12,900	142,900
2043	135,000	9,975	144,975
2044	140,000	6,769	146,769
2045	145,000	3,444	148,444
	<u>\$ 2,280,000</u>	<u>\$ 605,375</u>	<u>\$ 2,885,375</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 230,000	\$ 142,843	\$ 372,843
2026	240,000	135,944	375,944
2027	245,000	131,144	376,144
2028	250,000	126,244	376,244
2029	255,000	121,244	376,244
2030	265,000	116,144	381,144
2031	270,000	110,844	380,844
2032	275,000	105,444	380,444
2033	285,000	99,944	384,944
2034	290,000	94,244	384,244
2035	295,000	88,444	383,444
2036	305,000	82,544	387,544
2037	315,000	76,444	391,444
2038	320,000	70,144	390,144
2039	330,000	63,744	393,744
2040	335,000	56,731	391,731
2041	345,000	49,612	394,612
2042	355,000	41,850	396,850
2043	365,000	33,862	398,862
2044	370,000	25,650	395,650
2045	380,000	17,325	397,325
2046	390,000	8,775	398,775
	<u>\$ 6,710,000</u>	<u>\$ 1,799,164</u>	<u>\$ 8,509,164</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 45,000	\$ 31,350	\$ 76,350
2026	50,000	29,325	79,325
2027	50,000	27,075	77,075
2028	50,000	26,075	76,075
2029	50,000	25,075	75,075
2030	55,000	24,075	79,075
2031	55,000	22,975	77,975
2032	55,000	21,875	76,875
2033	60,000	20,775	80,775
2034	60,000	19,575	79,575
2035	60,000	18,375	78,375
2036	60,000	17,175	77,175
2037	65,000	15,975	80,975
2038	65,000	14,513	79,513
2039	65,000	13,050	78,050
2040	70,000	11,588	81,588
2041	70,000	10,012	80,012
2042	70,000	8,437	78,437
2043	75,000	6,863	81,863
2044	75,000	5,175	80,175
2045	75,000	3,487	78,487
2046	80,000	1,800	81,800
	<u>\$ 1,360,000</u>	<u>\$ 374,625</u>	<u>\$ 1,734,625</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 295,000	\$ 524,700	\$ 819,700
2026	310,000	506,630	816,630
2027	320,000	487,644	807,644
2028	335,000	468,044	803,044
2029	350,000	451,294	801,294
2030	365,000	433,794	798,794
2031	385,000	415,544	800,544
2032	400,000	396,294	796,294
2033	420,000	376,294	796,294
2034	435,000	355,294	790,294
2035	455,000	333,544	788,544
2036	475,000	310,794	785,794
2037	500,000	287,044	787,044
2038	520,000	262,044	782,044
2039	545,000	236,044	781,044
2040	570,000	208,794	778,794
2041	595,000	184,568	779,568
2042	620,000	159,281	779,281
2043	650,000	132,930	782,930
2044	680,000	105,306	785,306
2045	710,000	80,656	790,656
2046	740,000	54,919	794,919
2047	775,000	28,094	803,094
	<u>\$ 11,450,000</u>	<u>\$ 6,799,550</u>	<u>\$ 18,249,550</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 345,000	\$ 610,519	\$ 955,519
2026	360,000	589,387	949,387
2027	375,000	567,337	942,337
2028	390,000	544,369	934,369
2029	410,000	524,869	934,869
2030	425,000	504,369	929,369
2031	445,000	483,119	928,119
2032	465,000	460,869	925,869
2033	485,000	437,619	922,619
2034	510,000	413,369	923,369
2035	530,000	387,869	917,869
2036	555,000	361,369	916,369
2037	580,000	333,619	913,619
2038	605,000	304,619	909,619
2039	635,000	274,369	909,369
2040	660,000	242,619	902,619
2041	690,000	214,569	904,569
2042	725,000	185,243	910,243
2043	755,000	154,431	909,431
2044	790,000	122,343	912,343
2045	825,000	93,706	918,706
2046	860,000	63,800	923,800
2047	900,000	32,625	932,625
	<u>\$ 13,320,000</u>	<u>\$ 7,907,007</u>	<u>\$ 21,227,007</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 380,000	\$ 747,313	\$ 1,127,313
2026	400,000	722,613	1,122,613
2027	415,000	696,613	1,111,613
2028	435,000	669,638	1,104,638
2029	455,000	641,363	1,096,363
2030	475,000	611,788	1,086,788
2031	495,000	580,913	1,075,913
2032	520,000	548,738	1,068,738
2033	540,000	527,938	1,067,938
2034	565,000	506,338	1,071,338
2035	590,000	483,737	1,073,737
2036	615,000	460,137	1,075,137
2037	645,000	435,537	1,080,537
2038	675,000	409,737	1,084,737
2039	705,000	381,893	1,086,893
2040	735,000	351,930	1,086,930
2041	770,000	320,693	1,090,693
2042	805,000	287,968	1,092,968
2043	840,000	252,750	1,092,750
2044	880,000	216,000	1,096,000
2045	915,000	176,400	1,091,400
2046	960,000	135,225	1,095,225
2047	1,000,000	92,025	1,092,025
2048	1,045,000	47,025	1,092,025
	<u>\$ 15,860,000</u>	<u>\$ 10,304,312</u>	<u>\$ 26,164,312</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 495,000	\$ 974,556	\$ 1,469,556
2026	520,000	942,381	1,462,381
2027	545,000	908,581	1,453,581
2028	565,000	873,156	1,438,156
2029	590,000	836,431	1,426,431
2030	620,000	798,081	1,418,081
2031	645,000	757,781	1,402,781
2032	675,000	715,856	1,390,856
2033	705,000	688,856	1,393,856
2034	740,000	660,656	1,400,656
2035	770,000	631,056	1,401,056
2036	805,000	600,256	1,405,256
2037	840,000	568,056	1,408,056
2038	880,000	534,456	1,414,456
2039	920,000	498,156	1,418,156
2040	960,000	459,057	1,419,057
2041	1,005,000	418,257	1,423,257
2042	1,050,000	375,545	1,425,545
2043	1,095,000	329,607	1,424,607
2044	1,145,000	281,700	1,426,700
2045	1,195,000	230,175	1,425,175
2046	1,250,000	176,400	1,426,400
2047	1,305,000	120,150	1,425,150
2048	1,365,000	61,425	1,426,425
	<u>\$ 20,685,000</u>	<u>\$ 13,440,631</u>	<u>\$ 34,125,631</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 250,000	\$ 469,116	\$ 719,116
2026	285,000	490,375	775,375
2027	295,000	474,700	769,700
2028	310,000	458,475	768,475
2029	325,000	441,425	766,425
2030	335,000	423,550	758,550
2031	350,000	405,125	755,125
2032	370,000	391,125	761,125
2033	385,000	376,325	761,325
2034	400,000	360,925	760,925
2035	420,000	344,925	764,925
2036	440,000	328,125	768,125
2037	460,000	310,525	770,525
2038	480,000	292,125	772,125
2039	500,000	272,925	772,925
2040	525,000	252,925	777,925
2041	545,000	231,925	776,925
2042	570,000	210,125	780,125
2043	595,000	187,325	782,325
2044	625,000	163,525	788,525
2045	650,000	138,525	788,525
2046	680,000	112,525	792,525
2047	710,000	85,325	795,325
2048	745,000	56,925	801,925
2049	775,000	27,125	802,125
	<u>\$ 12,025,000</u>	<u>\$ 7,306,016</u>	<u>\$ 19,331,016</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 420,000	\$ 780,178	\$ 1,200,178
2026	470,000	815,300	1,285,300
2027	490,000	789,450	1,279,450
2028	515,000	762,500	1,277,500
2029	535,000	734,175	1,269,175
2030	560,000	704,750	1,264,750
2031	585,000	673,950	1,258,950
2032	610,000	650,550	1,260,550
2033	640,000	626,150	1,266,150
2034	670,000	600,550	1,270,550
2035	700,000	573,750	1,273,750
2036	730,000	545,750	1,275,750
2037	760,000	516,550	1,276,550
2038	795,000	486,150	1,281,150
2039	830,000	454,350	1,284,350
2040	870,000	421,150	1,291,150
2041	910,000	386,350	1,296,350
2042	950,000	349,950	1,299,950
2043	995,000	311,950	1,306,950
2044	1,035,000	272,150	1,307,150
2045	1,085,000	230,750	1,315,750
2046	1,135,000	187,350	1,322,350
2047	1,185,000	141,950	1,326,950
2048	1,235,000	94,550	1,329,550
2049	1,290,000	45,150	1,335,150
	<u>\$ 20,000,000</u>	<u>\$ 12,155,403</u>	<u>\$ 32,155,403</u>

See accompanying auditor's report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 3,160,000	\$ 4,843,372	\$ 8,003,372
2026	3,360,000	4,773,645	8,133,645
2027	3,490,000	4,605,832	8,095,832
2028	3,630,000	4,432,364	8,062,364
2029	3,780,000	4,259,419	8,039,419
2030	3,930,000	4,078,759	8,008,759
2031	4,095,000	3,888,919	7,983,919
2032	4,270,000	3,704,651	7,974,651
2033	4,455,000	3,541,901	7,996,901
2034	4,640,000	3,372,888	8,012,888
2035	4,820,000	3,196,281	8,016,281
2036	5,020,000	3,012,249	8,032,249
2037	5,245,000	2,819,701	8,064,701
2038	5,450,000	2,617,994	8,067,994
2039	5,680,000	2,405,332	8,085,332
2040	5,925,000	2,180,639	8,105,639
2041	6,175,000	1,955,155	8,130,155
2042	6,440,000	1,719,480	8,159,480
2043	6,275,000	1,470,774	7,745,774
2044	6,535,000	1,228,318	7,763,318
2045	6,270,000	981,718	7,251,718
2046	6,095,000	740,794	6,835,794
2047	5,875,000	500,169	6,375,169
2048	4,390,000	259,925	4,649,925
2049	2,065,000	72,275	2,137,275
	<u>\$ 121,070,000</u>	<u>\$ 66,662,554</u>	<u>\$ 187,732,554</u>

See accompanying auditor's report.

	Bond Issue			
	Series 2018	Series 2018 Road	Series 2019	Series 2019 Road
Interest rate	2.00% - 4.00%	2.00% - 4.00%	3.00% - 5.00%	2.00% - 4.50%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/19 - 9/1/42	9/1/19 - 9/1/42	9/1/20 - 9/1/44	9/1/20 - 9/1/44
Beginning bonds outstanding	\$ 4,210,000	\$ 1,385,000	\$ 5,100,000	\$ 2,540,000
Bonds issued				
Bonds retired	(150,000)	(50,000)	(165,000)	(80,000)
Ending bonds outstanding	\$ 4,060,000	\$ 1,335,000	\$ 4,935,000	\$ 2,460,000
Interest paid during fiscal year	\$ 153,139	\$ 50,070	\$ 154,650	\$ 71,562
Paying agent's name and city				
Series 2023, 2023 Road, 2024 and 2024 Road	BOKF, N.A., Dallas, Texas			
All other series	Regions Bank, Houston, TX			
Bond Authority:	Water, Sewer and	Water, Sewer		
	Drainage Bonds	and Drainage		
		Refunding Bonds	Road Bonds	Road Refunding
				Bonds
Amount Authorized by Voters	\$ 164,300,000	\$ 246,450,000	\$ 87,900,000	\$ 131,850,000
Amount Issued	(63,095,000)		(63,370,000)	
Remaining To Be Issued	\$ 101,205,000	\$ 246,450,000	\$ 24,530,000	\$ 131,850,000
Bond Authority:	Parks and			
	Recreational			
	Facilities			
Amount Authorized by Voters	\$ 38,000,000			
Amount Issued				
Remaining To Be Issued	\$ 38,000,000			

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

Debt Service Fund cash and investments balance as of December 31, 2024: \$ 4,572,269

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 7,509,302

See accompanying auditor's report.

Bond Issue				
Series 2020	Series 2020 Road	Series 2021	Series 2021 Road	Series 2022
2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.50%	3.625% - 6.125%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/21 - 9/1/45	9/1/21 - 9/1/45	9/1/22 - 9/1/46	9/1/22 - 9/1/46	9/1/24 - 9/1/47
\$ 4,745,000	\$ 2,355,000	\$ 6,935,000	\$ 1,405,000	\$ 11,730,000
(155,000)	(75,000)	(225,000)	(45,000)	(280,000)
\$ 4,590,000	\$ 2,280,000	\$ 6,710,000	\$ 1,360,000	\$ 11,450,000
\$ 102,219	\$ 53,031	\$ 151,843	\$ 33,375	\$ 541,850

	Bond Issue			
	Series 2022	Series 2023	Series 2023	Series 2024
	Road		Road	
Interest rate	3.625% - 6.125%	4.00% - 6.50%	4.00% - 6.50%	3.50% - 5.50%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/24 - 9/1/47	9/1/24 - 9/1/48	9/1/24 - 9/1/48	9/1/25 - 9/1/49
Beginning bonds outstanding	\$ 13,650,000	\$ 16,275,000	\$ 21,225,000	\$ -
Bonds issued				12,025,000
Bonds retired	(330,000)	(415,000)	(540,000)	
Ending bonds outstanding	<u>\$ 13,320,000</u>	<u>\$ 15,860,000</u>	<u>\$ 20,685,000</u>	<u>\$ 12,025,000</u>
Interest paid during fiscal year	<u>\$ 630,731</u>	<u>\$ 718,367</u>	<u>\$ 936,737</u>	<u>\$ -</u>

See accompanying auditor's report.

Bond Issue	
Series 2024	
Road	Totals
3.50% - 5.50%	
3/1; 9/1	
9/1/25 - 9/1/49	
\$ -	\$ 91,555,000
20,000,000	32,025,000
	(2,510,000)
<u>\$ 20,000,000</u>	<u>\$ 121,070,000</u>
<u>\$ -</u>	<u>\$ 3,597,574</u>

Fulshear Municipal Utility District No. 3A***TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years***

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Water service	\$ 704,432	\$ 460,407	\$ 372,306	\$ 232,112	\$ 206,730
Sewer service	1,381,380	985,519	739,808	496,355	362,395
Property taxes	2,612,507	2,059,435	1,790,315	1,178,247	805,757
Penalties and interest	50,199	45,306	47,029	13,946	2,848
Regional water authority fees	1,732,981	1,113,494	1,041,749	676,539	515,497
Tap connection and inspection	1,465,848	1,031,848	965,952	559,818	558,220
Capital recovery fees	444,076				
Miscellaneous	16,754	10,337	7,852	6,179	1,244
Investment earnings	391,190	268,968	47,847	2,637	3,790
Total Revenues	8,799,367	5,975,314	5,012,858	3,165,833	2,456,481
Expenditures					
Current service operations					
Purchased services	759,137	656,977	566,507	618,121	438,483
Professional fees	339,487	279,073	277,365	182,822	185,358
Contracted services	1,169,238	1,319,081	848,343	583,276	420,626
Repairs and maintenance	786,028	566,888	306,977	204,152	88,409
Utilities	384,547	161,689	6,607	4,770	2,907
Regional water authority fees	1,580,821	1,036,049	968,017	624,944	454,649
Administrative	146,368	92,798	70,440	60,595	39,999
Other	31,794	14,556	9,757	19,363	1,222
Capital					
Capital outlay	551,481		212,198		
Capital leases		3,151,448			
Debt service					
Lease - principal	368,686	139,868			
Lease - interest	149,864	59,632			
Total Expenditures	6,267,451	7,478,059	3,266,211	2,298,043	1,631,653
Revenues Over/(Under) Expenditures	\$ 2,531,916	\$ (1,502,745)	\$ 1,746,647	\$ 867,790	\$ 824,828
Total Active Retail Water Connections	2,291	1,897	1,531	1,119	865
Total Active Retail Wastewater Connections	2,164	1,813	1,472	1,067	823

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
8%	8%	7%	7%	8%
16%	16%	15%	16%	15%
30%	34%	36%	38%	33%
1%	1%	1%	*	*
20%	19%	21%	21%	21%
17%	17%	19%	18%	23%
*	*	*	*	*
4%	5%	1%	*	*
96%	100%	100%	100%	100%

9%	11%	11%	20%	18%
4%	5%	6%	6%	8%
13%	22%	17%	18%	17%
9%	9%	6%	6%	4%
4%	3%	*	*	*
18%	17%	19%	20%	19%
2%	2%	1%	2%	2%
*	*	*	1%	*
6%		4%		
	53%			
4%	2%			
2%	1%			
71%	125%	64%	73%	68%
25%	(25)%	36%	27%	32%

Fulshear Municipal Utility District No. 3A

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

For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 5,833,476	\$ 3,294,438	\$ 1,906,498	\$ 1,357,436	\$ 784,683
Penalties and interest	85,658	31,840	14,451	26,056	10,283
Miscellaneous	70			96	
Investment earnings	228,366	136,290	21,642	261	1,955
Total Revenues	<u>6,147,570</u>	<u>3,462,568</u>	<u>1,942,591</u>	<u>1,383,849</u>	<u>796,921</u>
Expenditures					
Tax collection services	160,473	115,843	85,368	42,015	24,446
Other	25,600	1,800	10	116	430
Debt service					
Principal	2,510,000	915,000	870,000	605,000	335,000
Interest and fees	3,605,979	2,083,003	876,553	665,201	511,040
Total Expenditures	<u>6,302,052</u>	<u>3,115,646</u>	<u>1,831,931</u>	<u>1,312,332</u>	<u>870,916</u>
Revenues Over/(Under) Expenditures	<u>\$ (154,482)</u>	<u>\$ 346,922</u>	<u>\$ 110,660</u>	<u>\$ 71,517</u>	<u>\$ (73,995)</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
95%	95%	98%	98%	98%
1%	1%	1%	2%	2%
*			*	
4%	4%	1%	*	*
100%	100%	100%	100%	100%
3%	3%	4%	3%	3%
*	*	*	*	*
41%	26%	45%	44%	42%
59%	60%	45%	48%	64%
103%	89%	94%	95%	109%
(3)%	11%	6%	5%	(9)%

Fulshear Municipal Utility District No. 3A
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2024

Complete District Mailing Address: 9 Greenway Plaza, Suite 1000, Houston, Texas 77046-3653
District Business Telephone Number: (713) 651-0111
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 28, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Glen Nordt	05/22 - 05/26	\$ 2,652	\$ 648	President
Stacey Thibodeaux	05/24 - 05/28	2,652	113	Vice President
Clark Holm	05/24 - 05/28	1,105		Secretary
Nicole K Grad	05/24 - 05/28	2,360	322	Assistant Vice President
TeAundrae Perryman	01/23 - 05/26	3,315	1,935	Assistant Secretary
Caleb Davis	05/22 - 05/24	663	135	Former Director

		Amounts Paid	
Consultants			
Coats Rose, P.C.	2015		Attorney
<i>General legal fees</i>		\$ 149,210	
<i>Bond counsel</i>		838,569	
Si Environmental, LLC	2015	1,356,115	Operator
Myrtle Cruz, Inc.	2015	39,165	Bookkeeper
Utility Tax Service, LLC	2015	3,000	Tax Collector
Fort Bend Central Appraisal District	Legislation	69,479	Property Valuation
Waller County Appraisal District	Legislation	3,484	Property Valuation
Coats Rose, P.C.	2015	21,062	Delinquent Tax Attorney
IDS Engineering Group, Inc.	2015	260,390	Engineer
McGrath & Co., PLLC	2015	58,725	Auditor
Robert W. Baird & Co.	2015	774,689	Financial Advisor

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

See accompanying auditor's report.