

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 10, 2025

THIS PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION SUBJECT TO THE MATTERS DESCRIBED UNDER “LEGAL MATTERS” HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE “LEGAL MATTERS” HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE **NOT** BEEN DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.”

NEW ISSUE-BOOK-ENTRY-ONLY

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
(A political subdivision of the State of Texas located within Fort Bend County)

\$11,400,000
UNLIMITED TAX BONDS
SERIES 2025

Dated Date: October 1, 2025 Due: September 1, as shown below
Interest Accrual Date: Date of Delivery

The \$11,400,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are being issued by Fort Bend County Municipal Utility District No. 207 (the “District”). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds accrues from the initial date of delivery (the “Date of Delivery,” expected to be on or about October 22, 2025), and is initially payable on March 1, 2026. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under “BOOK-ENTRY-ONLY SYSTEM.”) of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the “Paying Agent/Registrar”), directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See “BOOK-ENTRY-ONLY SYSTEM.”

MATURITY SCHEDULE

Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (d)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (d)
2027	\$ 255,000	%	%		2039	\$ 460,000 (b)	%	%	
2028	270,000				2040	485,000 (b)			
2029	285,000				2041	505,000 (b)			
2030	295,000				2042	535,000 (b)			
2031	310,000				2043	560,000 (b)			
2032	325,000 (b)				2044	585,000 (b)			
2033	345,000 (b)				2045	615,000 (b)			
2034	360,000 (b)				2046	645,000 (b)			
2035	380,000 (b)				2047	680,000 (b)			
2036	400,000 (b)				2048	715,000 (b)			
2037	415,000 (b)				2049	750,000 (b)			
2038	440,000 (b)				2050	785,000 (b)			

- (a) The Underwriter (hereinafter defined) may designate one or more maturities as term bonds. See accompanying “OFFICIAL NOTICE OF SALE” and “OFFICIAL BID FORM.”
- (b) Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on September 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
- (c) Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriter for offers to the public and which subsequently may be changed.
- (d) CUSIP Numbers will be assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”**

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 22, 2025.

Bids Due: Wednesday, September 24, 2025, at 9:15 A.M., Houston, Texas Time, in Houston, Texas
Bids Award: Wednesday, September 24, 2025 at 11:00 A.M., Houston, Texas Time, in Houston, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purpose of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, 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 the information permitted by Rule 15c2-12.

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

This OFFICIAL STATEMENT is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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 Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056, upon payment of the costs of duplication.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL STATEMENT for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

Prices and Marketability

Information concerning initial reoffering yields or prices is the responsibility of the Underwriter.

Except as otherwise described in the OFFICIAL NOTICE OF SALE under "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS—Establishing the Issue Price of the Bonds," the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market 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.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other 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 shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the 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 the entire OFFICIAL STATEMENT and of the documents summarized or described therein.

THE DISTRICT

<i>Description...</i>	The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the “TCEQ”) on July 8, 2013, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District includes approximately 336 acres of land within its boundaries. See “THE DISTRICT.”
<i>Location...</i>	The District lies within Fort Bend County, Texas and is located approximately 30 miles southwest of the City of Houston’s central downtown business district and wholly within the extraterritorial jurisdiction of the City of Richmond. The District is also located within the boundaries of the Lamar Consolidated Independent School District. The District is bounded on the southwest side by Farm-to-Market 762 Road and is split by U.S. Highway 59 running from the northeast corner to the southwest corner of the District. See “THE DISTRICT” and “AERIAL LOCATION MAP.”
<i>The Developer and Principal Property Owners...</i>	The George Foundation, a charitable trust established in 1945 (the “Landowner”), owns approximately 250 acres of land within the District. Berry Place Holdings LP, a Texas limited partnership (“Berry Place Holdings” or the “Developer”) is an entity formed by The George Foundation for the sole purpose of owning and developing land in the District and currently owns approximately 16 acres of land within the District. Berry Place Ventures, LP, a Texas limited partnership (“Berry Place Ventures”) is an entity formed by The George Foundation which owns approximately 19 acres in the District where an approximate 99,000 square foot HEB grocery store has been constructed. See “THE DISTRICT—Status of Development,” “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS” and “TAX DATA—Principal Taxpayers.”
<i>Status of Development...</i>	Approximately 34 acres of land within the District have been provided with trunk facilities related to water, wastewater, and drainage facilities and developed with commercial, retail or multi-family taxable improvements. Commercial, retail and multi-family development within the boundaries of the District currently includes an approximate 99,000 square foot HEB grocery store, a Kelsey-Seybold clinic, a Shell gas station, and the Ryon Apartments, a 348 unit apartment complex. There are approximately 286 developable acres of vacant land that remain to be developed and approximately 16 acres that are undevelopable. See “RISK FACTORS,” “THE DISTRICT,” “TAX DATA—Principal Taxpayers,” and “AERIAL LOCATION MAP.”
<i>Fort Bend Levee Improvement</i>	
<i>District No. 6...</i>	All of the land in the District lies within Fort Bend County Levee Improvement District No. 6 (“LID 6”), which encompasses approximately 1,639 acres of land. LID 6 has constructed a system of levees, detention ponds, channels and other drainage improvements and finances the acquisition and/or construction of drainage and levee facilities with the proceeds of its unlimited tax bonds. LID 6 has \$36,735,000 principal amount of unlimited tax bonds currently outstanding and has levied a 2025 total tax rate of \$0.33 per \$100 of taxable assessed valuation (\$0.21 for debt service and \$0.12 for maintenance and operations). See “RISK FACTORS—Overlapping Debt and Taxes.”
<i>Payment Record...</i>	The Bonds are the District’s first issuance of debt. The District will capitalize the lesser of \$570,000 or twelve (12) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Future Debt...</i>	The District expects to sell an amount up to approximately \$3,700,000 principal amount of unlimited tax road bonds in the fourth quarter of 2025. See “RISK FACTORS—Future Debt” and “THE BONDS—Issuance of Additional Debt.”

THE BONDS

<i>Description...</i>	The \$11,400,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are being issued as fully registered bonds pursuant to an order (the “Bond Order”) authorizing the issuance of the Bonds adopted by the District’s Board of Directors. The Bonds are scheduled to mature serially on September 1 in the years 2027 through 2050, both inclusive. The Bonds will be issued in book-entry form only in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2026. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on September 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay for connection charges, engineering and construction and land costs associated with water, sanitary sewer and drainage facilities shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be used to capitalize interest in an amount equal to the lesser of \$570,000 or twelve (12) months of interest on the Bonds; to pay for operating advances and interest on other funds advanced by the Developer and Landowner on behalf of the District; and to pay engineering fees and administrative costs and certain costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are the first series of bonds issued out of an aggregate of \$68,750,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ approving the issuance of the Bonds, and the Bond Order.
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any entity other than the District. See “THE BONDS—Source and Security for Payment” and “—Funds.”
<i>Municipal Bond Rating...</i>	The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made.
<i>Not Qualified Tax-Exempt Obligations...</i>	The District has not designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS—Not Qualified Tax-Exempt Obligations.”
<i>Bond Counsel...</i>	Schwartz, Page & Harding, L.L.P., Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants.”
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants.”
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "RISK FACTORS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$126,142,921	(a)
Gross Direct Debt Outstanding (the Bonds).....	\$11,400,000	(b)
Estimated Overlapping Debt	12,154,247	(c)
Gross Direct Debt and Estimated Overlapping Debt.....	\$23,554,247	
Ratio of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation	9.04%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation	18.67%	
Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twelve (12) months)	\$570,000	(d)
Funds Available for Maintenance and Operations as of September 10, 2025	\$1,928,992	
Funds Available for Capital Projects as of September 10, 2025	\$120,954	
2025 Total Tax Rate (All Maintenance).....	\$1.00	(e)
Average Annual Debt Service Requirement (2026-2050).....	\$813,960	(f)
Maximum Annual Debt Service Requirement (2036).....	\$828,750	(f)
Tax Rate Required to Pay Average Annual Debt Service (2026-2050) at a 90% Collection Rate		
2025 Certified Taxable Assessed Valuation	\$0.72	(g)
Tax Rate Required to Pay Maximum Annual Debt Service (2036) at a 90% Collection Rate		
2025 Certified Taxable Assessed Valuation	\$0.73	(g)

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”
- (b) The District expects to sell an amount up to approximately \$3,700,000 principal amount of unlimited tax road bonds in the fourth quarter of 2025. See “RISK FACTORS—Future Debt.”
- (c) See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt,” and “—Overlapping Taxes.”
- (d) The District will capitalize the lesser of \$570,000 or twelve (12) months of interest from Bond proceeds. The amount above is estimated at 5.00%. See “THE BONDS—Funds” and “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- (e) The District expects to levy its initial debt service tax in 2026. See “RISK FACTORS—Overlapping Debt and Taxes” and “TAX DATA—Tax Adequacy for Debt Service.”
- (f) See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”
- (g) See “RISK FACTORS—Possible Impact on District Tax Rates” and “TAX DATA—Tax Adequacy for Debt Service.”

PRELIMINARY OFFICIAL STATEMENT

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207 *(A political subdivision of the State of Texas located within Fort Bend County)*

\$11,400,000 **UNLIMITED TAX BONDS** **SERIES 2025**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 207 (the “District”) of its \$11,400,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the Texas Commission on Environmental Quality (“TCEQ”) approving the issuance of the Bonds, and an order authorizing the issuance, sale and delivery of the Bonds adopted by the Board of Directors of the District (the “Bond Order”).

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, Berry Place Holdings LP, a Texas limited partnership (“Berry Place Holdings” or the “Developer”), The George Foundation (the “Landowner”), Berry Place Ventures, LP, a Texas limited Partnership (“Berry Place Ventures”) and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District’s bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See “THE BONDS—Source and Security for Payment.” The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See “—Registered Owners’ Remedies” herein.

Dependence on Principal Taxpayers

The ten principal taxpayers within the District represent \$126,134,921 or 99.99% of the 2025 Certified Taxable Assessed Valuation of \$126,142,921, which represents ownership as of January 1, 2025. The largest taxpayer is Ryon Owner LLC, the owner of the Ryon Apartments, a 348 unit apartment complex, which represents approximately 57.66% (\$72,740,196) of the 2025 Certified Taxable Assessed Valuation. The Developer represents \$8,811,844 or 6.99% of such value. If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the Debt Service Fund (see “THE BONDS—Source and Security for Payment”), the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. Therefore, failure by one or more principal taxpayer to pay their taxes could have a material adverse effect on the District’s ability to pay debt service on the Bonds. See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS” and “TAX DATA—Principal Taxpayers.”

Dependence on Personal Property Tax Collections

Approximately 7.80% (\$9,841,869) of the District’s 2025 Certified Taxable Assessed Valuation is personal property. See “TAX DATA—Tax Roll Information.” Most other utility districts in Texas are not dependent to such an extent on taxes levied on personal property, and personal property taxation and collection create special risks for Registered Owners. See “TAX DATA—Principal Taxpayers,” “—Tax Roll Information,” and “TAXING PROCEDURES.”

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Automobiles, business inventories and other personal property are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. A lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas and locating and foreclosing on property held outside the District may be costly, inefficient and difficult. The statute of limitations for collection of personal property taxes is four years from the date of delinquency, as contrasted with the 20-year statute of limitations for real property. Personal property may not be seized, and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation period is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAXING PROCEDURES."

Economic Factors and Interest Rates

The taxable value of the District results from the current market value of retail and commercial properties and undeveloped land. The market value of such properties and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for properties of this type and undeveloped land can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "—Credit Markets and Liquidity in the Financial Markets" below.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Houston and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Increase in Costs of Building Materials

A significant portion of the District's tax base is comprised of personal property (see "Dependence on Personal Property Collections" herein). As a result of ongoing trade disputes including tariffs and retaliatory tariffs, the volume of personal property within the District could be materially impacted. Further, trade disruptions based on unpredictable tariff policy (including the threatened imposition of tariffs) could increase the cost of materials for new construction in the District. Any material impacts to the volume of personal property and decreased levels of construction activity within the District could restrict the growth of property values or could adversely impact existing values. The District makes no representations regarding the effects that current or future economic or governmental circumstances may have on property values or construction activity within the District.

Certain Tax Exemptions Provided for Affordable Housing

Certain multi-family housing may be exempt from ad valorem taxation by the District pursuant to Chapter 303 of the Texas Local Government Code (the "PFC Act"), Chapter 392 of the Texas Local Government Code (the "Housing Authority Act"), or Chapter 394 of the Texas Local Government Code (the "HFC Act"), if certain conditions are met.

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project

approved on or after June 18, 2023, does not qualify for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

The HFC Act provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Public property owned by an HFC, including property for which an HFC holds an equitable interest, is exempt from taxes imposed by the state or any political subdivision of the state, including conservation and reclamation districts such as the District, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Section 394.904(d) (as added by H.B. 21, 89th Texas Legislature, Regular Session) provides in part that, for property acquired by an HFC after May 28, 2025, such ad valorem tax exemptions do not apply to taxes levied by a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. Further, property acquired by an HFC prior to May 28, 2025, may become subject to taxation by a conservation and reclamation district in future tax years unless certain additional requirements are met under the HFC Act. The District is not aware of any public property located within the boundaries of the District that is owned by an HFC.

The Housing Authority Act authorizes cities and counties to create housing authorities to provide safe and sanitary housing for persons of low income within the area of operation of the housing authority. Multi-family property owned by a housing authority, including property for which a housing authority holds an equitable interest, is exempt from all taxes and special assessments of a city, county, the state, or another political subdivision, including conservation and reclamation districts such as the District, if certain conditions are met under the Housing Authority Act. The District is not aware of any public property located within the boundaries of the District that is owned by a housing authority.

Possible Impact on District Tax Rates

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 owners of property within the District to pay their taxes. The 2025 Certified Taxable Assessed Valuation is \$126,142,921. After issuance of the Bonds, the maximum annual debt service requirement will be \$828,750 (2036), and the average annual debt service requirement will be \$813,960 (2026-2050 inclusive). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.73 and \$0.72 per \$100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay both the maximum annual debt service requirement and the average annual debt service requirements, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage

There are approximately 286 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage and detention facilities necessary for the construction of taxable improvements. Failure of the Developer to develop the land or any other landowner or developer to construct taxable improvements on developed land could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of this acreage will occur. See "THE DISTRICT—Land Use."

Developer/Landowner Obligation to the District

There are no commitments from or obligations of the Developer, the Landowner or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. To the best of the knowledge of the Engineer, there was no interruption of water and sewer service by the District as a result of Hurricane Harvey and no commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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.

Specific Flood Type 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 man made drainage systems (canals or channels) downstream.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon 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. See “THE SYSTEM.”

Overlapping Debt and Taxes

All of the land within the District is currently subject to taxation by Fort Bend County Levee Improvement District No. 6 (“LID 6”) along with the other overlapping taxing jurisdictions described herein. LID 6 has levied a 2025 total tax rate of \$0.33 per \$100 of taxable assessed valuation (\$0.21 for debt service and \$0.12 for maintenance and operations). Taxes levied by LID 6 are in addition to taxes levied by the District. As of the date hereof, LID 6 had \$36,735,000 principal amount of unlimited tax bonds currently outstanding. The District cannot represent whether any of the development planned or occurring in LID 6 will be successful or whether the appraised valuation of the land located within LID 6 will justify payment of the taxes levied by LID 6, as well as District taxes, by property owners. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt.”

The District intends that its tax rate, in combination with LID 6, will not exceed \$1.50 per \$100 of taxable assessed valuation. However, the aggregate tax rate that may be required to service debt on any bonds issued by the District and LID 6 and to pay operating costs is subject to numerous uncertainties such as the growth of taxable values within their respective boundaries, regulatory approvals, construction costs, interest rates and economic conditions. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates of competing projects in the Harris/Fort Bend County region. To the extent that such composite tax rates are not competitive with competing developments, the growth or maintenance of property tax values in

the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.50 per \$100 of taxable assessed valuation is higher than the tax rate of many utility districts in the Fort Bend County and Harris County region, although such a combined tax rate is within the range of tax rates imposed for similar purposes by certain utility districts in the Fort Bend County and Harris County regions in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Fort Bend County limit the projected “combined total tax rate” attributable to an entity levying a tax for water, wastewater and drainage to \$1.50 per \$100 of assessed valuation. In the case of the District, the total “combined tax rate” under current TCEQ rules includes the tax rate of the District in combination with LID 6. The current “combined tax rate” of the District specifically attributable to water, sewer, drainage and recreational facilities is consistent with the rules of the TCEQ. If the total “combined tax rate” of the District should ever exceed \$1.50 per \$100 of taxable assessed valuation, the District and LID 6 could be prohibited under rules of the TCEQ from selling additional bonds. See “Possible Impact on District Tax Rates” above and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes.”

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial 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, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes, that have already been paid.

Registered Owners’ Remedies

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

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

Bankruptcy Limitation to Registered Owners’ Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

Notwithstanding noncompliance by a 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 appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of a total of \$68,750,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of \$33,125,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, and a total of \$10,000,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing park and recreational facilities. After issuance of the Bonds, \$57,350,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued. The District expects to sell an amount up to approximately \$3,700,000 principal amount of unlimited tax road bonds in the fourth quarter of 2025. All of the principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities remains authorized but unissued. The District's voters have also authorized \$111,875,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Any bonds issued by the District however, must be approved by the Attorney General of Texas and the Board of the District. The issuance of additional bonds for water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

After reimbursement with proceeds from the Bonds, the District will continue to owe funds to the Developer and Landowner in the amount of approximately \$3,150,000 plus interest for advances made for the engineering and construction of water, sewer and drainage facilities and road facilities, and approximately \$5,310,000 plus interest for advances made for the engineering and construction of recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance recreational facilities may not exceed 1% of the value of taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the District's taxable value at the time the bonds are issued. The District intends to issue additional bonds in order to fully reimburse the Developer and the Landowner and to provide such facilities to the remainder of undeveloped but developable land (approximately 286 acres). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. See "THE BONDS—Issuance of Additional Debt," "—Financing Water, Sanitary Sewer and Drainage Facilities," "—Financing Road Facilities" and "—Financing Recreational Facilities."

Marketability of the Bonds

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

Environmental and Air Quality 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 property; 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 Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has

identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

Future Legislation

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District: the Governor has called the Second Special Session to begin on August 15, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “LEGAL MATTERS—Tax Exemption.”

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated October 1, 2025, 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. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITY SCHEDULE" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on November 5, 2013, voters of the District authorized a total of \$68,750,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds constitute the first issuance of bonds from such authorization. After issuance of the Bonds, a total of \$57,350,000 in principal amount of unlimited tax bonds will remain authorized but unissued from the authorization for acquiring or constructing water, sanitary sewer and drainage facilities. See "—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ approving the issuance of the Bonds, and the Bond Order.

Source and Security for Payment

The Bonds are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this OFFICIAL STATEMENT with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Richmond, or any entity other than the District.

Funds

The Bond Order establishes the District's Construction Fund and the District's Bond Fund (the "Bond Fund"). An amount equal to the lesser of \$570,000 or twelve (12) months of interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Bond Fund. All remaining proceeds of the Bonds will be deposited in the Construction Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

The record date for payment of the interest on any regularly scheduled Interest Payment Date is defined as the 15th day of the month (whether or not a business day) preceding such Interest Payment Date.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Order.

By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners (hereafter defined) to collect interest which would otherwise accrue after the Redemption Date on any Bond or portion thereof called for redemption shall terminate on the Redemption Date.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of each series of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining, on behalf of the District, the registry books reflecting the names and addresses of the holders of the Bonds (the "Registered Owners") and the maturities, principal amounts, and such other information as necessary to identify the Bonds registered in the name of such Registered Owners. All references herein to the Registered Owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds, so long as the Bonds are registered in the name of Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$68,750,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of \$33,125,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing road facilities and a total of \$10,000,000 in principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities. After issuance of the Bonds, \$57,350,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued, all of the principal amount of unlimited tax bonds for road facilities will remain authorized but unissued, and all of the principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities will remain authorized but unissued. The District's voters have also authorized a total of \$111,875,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sewer and drainage facilities, and/or for recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. See "RISK FACTORS—Future Debt," "—Financing Water, Sanitary Sewer and Drainage Facilities," "—Financing Road Facilities," "—Financing Recreational Facilities," herein, and "THE DISTRICT—General."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Water, Sanitary Sewer and Drainage Facilities

Pursuant to provisions of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended, the District is authorized to acquire or construct certain water, sanitary sewer and drainage facilities subject to the approval of the TCEQ and a successful District election to approve the issuance of bonds payable from taxes. See "THE DISTRICT—General." At an election held within the District on November 5, 2013, voters of the District authorized a total of \$68,750,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. After issuance of the Bonds, a total of \$57,350,000 in principal amount of unlimited tax bonds for said improvements and facilities will remain authorized but unissued. Issuance of additional bonds for said improvements and facilities could dilute the investment security of the Bonds. See "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 Texas Water Code, as amended, conservation and reclamation districts operating pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at an election held within the District on November 5, 2013, voters of the District authorized a total of \$33,125,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, none of which have been issued. See "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

At an election held within the District on November 5, 2013, voters of the District authorized a total of \$10,000,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities. The District is authorized to issue such bonds if (i) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost of the facilities as set forth in the recreational facilities plan adopted by the District; (ii) the District obtains any necessary governmental consents allowing the issuance of such bonds; (iii) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (iv) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. All of the principal amount of unlimited tax bonds for said park and recreational facilities remain authorized but unissued. See “RISK FACTORS—Future Debt” and “—Issuance of Additional Debt” herein.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Richmond, the District may be annexed for full purposes by the City of Richmond, subject to compliance by the City of Richmond with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Richmond hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Richmond must assume the District’s assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Richmond is a policy-making matter within the discretion of the Mayor and City Council of the City of Richmond, and, therefore, the District makes no representation that the City of Richmond will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Richmond to make debt service payments should annexation occur. Under the terms of the Strategic Partnership Agreement between the District and the City of Richmond, however, the City of Richmond has agreed not to annex the District for full purpose (a traditional municipal annexation) until certain conditions are met. See “Strategic Partnership Agreement,” below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

Strategic Partnership Agreement

The Strategic Partnership Agreement states that the City of Richmond will not fully annex the District until 90 percent of the District’s water, sewer and drainage facilities have been constructed and the Developer and/or Landowner (as defined herein) have been reimbursed to the maximum extent of the law. Further, the City of Richmond has the ability to annex for limited purposes the commercial property in the District to levy a sales and use tax.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other’s bonds, notes and other obligations. If each district assumes the other’s bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other’s bonds, notes and other obligations, each district’s taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both, or 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 Order.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners 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 those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a rating of “AA+” from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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 the District (or the Trustee on behalf thereof) 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).

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds 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, 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. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by LJA Engineering, the District's Engineer (the "Engineer") and approved by the TCEQ in its order authorizing the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (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 agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required.

CONSTRUCTION RELATED COSTS

• Construction and Engineering Related Costs Approved by the TCEQ.....	\$ 5,956,537
• Water Supply Connection Charges Approved by the TCEQ.....	1,926,645
• Land Costs.....	<u>6,195</u>

Total Construction Costs..... **\$ 7,889,377**

NON-CONSTRUCTION COSTS

• Underwriter's Discount (a).....	\$ 342,000
• Capitalized Interest (12 months estimated at 5.00%) (a).....	570,000
• Operating Advances.....	520,497
• Developer Interest (Estimated).....	<u>1,427,027</u>

Total Non-Construction Costs..... **\$ 2,859,524**

ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 553,099
• Bond Application Report Costs.....	60,000
• State Regulatory Fees.....	<u>38,000</u>

Total Issuance Costs and Fees..... **\$ 651,099**

TOTAL BOND ISSUE..... **\$ 11,400,000**

- (a) The TCEQ approved a maximum of twelve (12) months of capitalized interest at an estimated rate of 5.00% per annum and a maximum Underwriter's discount of 3.0%. The District will capitalize the lesser of \$570,000 or twelve (12) months of interest from Bond proceeds to pay debt service on the Bonds.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated July 8, 2013 under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Richmond, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and the construction of roads, among other things. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. See “THE BONDS—Issuance of Additional Debt,” “—Financing Water, Sanitary Sewer and Drainage Facilities,” “—Financing Road Facilities,” “—Financing Recreational Facilities,” and “THE SYSTEM.”

The District is required to observe certain requirements of the City of Richmond which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Richmond of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Richmond and filed in the real property records of Fort Bend County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer, drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District’s water, sanitary sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM—Regulation.”

Description and Location

The District includes approximately 336 acres of land within its boundaries. The District is located approximately 30 miles southwest of the central downtown business district of the City of Houston, Texas and lies wholly within the extraterritorial jurisdiction of the City of Richmond. The District is also located within the boundaries of the Lamar Consolidated Independent School District. The District is bounded on the southwest side by Farm-to-Market 762 Road and is split by U.S. Highway 59 running from the northeast corner to the southwest corner of the District. See “AERIAL LOCATION MAP.”

Status of Development

Approximately 34 acres of land within the District have been provided with trunk facilities related to water, wastewater, and drainage facilities. Such acres have been or are being developed with commercial or retail and multi-family taxable improvements. Commercial, retail and multi-family development within the boundaries of the District currently includes an approximately 99,000 square foot HEB grocery store, a Kelsey-Seybold clinic, a Shell gas station, and the Ryon Apartments, a 348 unit apartment complex. There are approximately 286 developable acres of vacant land that remain to be developed and approximately 16 acres that are undevelopable (easements, detention, rights-of-way, open spaces and utility sites). Prospective purchasers are urged to carefully review the entire OFFICIAL STATEMENT particularly information related to the total taxable value in the District and the principal taxpayers. See “RISK FACTORS,” “TAX DATA—Principal Taxpayers,” and “AERIAL LOCATION MAP.”

Future Development

Approximately 286 developable acres of land in the District are not yet fully served with water, sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$100,475,000 principal amount collectively for water, sanitary sewer, and drainage, road and recreational facilities) should be sufficient to finance the construction of facilities to complete the District’s water, sanitary sewer, drainage and recreational facilities for full development of the District. See “RISK FACTORS—Future Debt” and “THE SYSTEM.”

THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Investors in the Bonds should note that the prior real estate experience of the Developer and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional 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. The District cautions that the development experience of the Developer or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developer or its affiliates, if any, is no indication or guarantee that the Developer will be successful in the future development of land within the District. See "RISK FACTORS."

The Developer

Berry Place Holdings LP, a Texas limited partnership ("Berry Place Holdings" or the "Developer") is an single-purpose entity formed by The George Foundation for the sole purpose of owning and developing land in the District, whose assets primarily consist of the land it owns in the District and the receivables due from the District for development costs. Berry Place Holdings continues to own approximately 16 acres of land within the District. See "TAX DATA—Principal Taxpayers."

Principal Property Owners

The George Foundation: The George Foundation (the "Landowner"), a charitable trust established in 1945, owns approximately 250 acres of land within the District. See "TAX DATA—Principal Taxpayers."

Berry Place Ventures LP: Berry Place Ventures is an entity formed by The George Foundation which owns approximately 19 acres in the District on which a 100,000 square-foot HEB grocery store has been constructed. See "TAX DATA—Principal Taxpayers."

Obligations of the Developer and Principal Property Owners

Neither the Developer nor the principal property owners have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. See "RISK FACTORS—Dependence on Principal Taxpayers" and "TAX DATA—Principal Taxpayers."

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 are elected to four-year staggered terms and elections are held in May in even numbered years. All of the Board members own land within the District, subject to a Deed of Trust in favor of the Landowner. The current members and officers of the Board, along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ben Jones	President	May 2026
Michael Benes	Vice President	May 2028
Kim Savage	Secretary	May 2028
Frank Johnson	Assistant Vice President	May 2028
Adam Traweek	Assistant Secretary	May 2026

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. (“Bond Counsel”) serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Masterson Advisors LLC serves as the District’s Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Engineer: The District’s consulting engineer is LJA Engineering, Inc.

Auditor: The financial statements of the District as of July 31, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s July 31, 2024, financial statements. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended July 31, 2025.

Bookkeeper: The District contracts with Myrtle Cruz, Inc. (the “Bookkeeper”) for bookkeeping services.

Tax Appraisal: The Fort Bend Central Appraisal District has the responsibility of appraising all property within the District. See “TAXING PROCEDURES.”

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Assessments of the Southwest, Inc. (the “Tax Assessor/Collector”) has been employed by the District to serve in this capacity.

THE SYSTEM

Regulation

According to the Engineer, the District's improvements have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, required, for the particular improvements, the approval and permitting requirements of the TCEQ, Fort Bend County, the City of Richmond and Fort Bend County Drainage District, as applicable.

Water Supply, Wastewater Treatment and Storm Drainage

Water Supply: Water supply for development in the District is provided by the City of Richmond pursuant to an agreement with the District, within whose Extra Territorial Jurisdiction ("ETJ") the District lies. The District and the City of Richmond entered into a water supply contract whereby the City of Richmond will supply water in quantities adequate to provide adequate water pressure and water storage for the District. In consideration of such water supply, the District paid the City of Richmond a one-time connection charge for each lot or connection at such time as tracts are platted. Connection fees to provide service to all of the current development in the District have been paid.

Wastewater Treatment: Wastewater treatment for the development in the District is provided by the City of Richmond pursuant to an agreement with the District. Pursuant to such agreement, the City of Richmond provides wastewater treatment in amounts adequate to service the District and the District pays a connection charge to the City of Richmond for each lot or connection at such time as tracts are platted. Connection fees to provide service to all of the current development in the District have been paid.

Water Distribution, Wastewater Collection and Storm Drainage: Trunk facilities for water, wastewater and storm drainage have been constructed to serve approximately 34 acres of commercial/retail and multi-family tracts within the District. See "THE DISTRICT—Status of Development."

Utility Agreement between the City of Richmond and the District

All land in the District is located within the ETJ of the City of Richmond. On November 18, 2013, the District entered into a Water and Wastewater Services Agreement (the "Agreement") with the City of Richmond, as subsequently amended. Under the terms of the Agreement, the District constructs or will construct water distribution lines and sanitary sewer collection lines for the District. Upon completion of these facilities, the City of Richmond agreed to operate the facilities as part of the City of Richmond's system and to provide water and wastewater services as reasonably required in conjunction with the development of the District.

All charges, tap fees, and rates charged to customers in the District shall be the same as similarly classified homebuilders, commercial developers and customers within the City of Richmond as a whole. All such revenues from customers in the District shall be the property of the City of Richmond. However, the District can ask the City of Richmond to impose an additional fee, as determined by the District, to pay for operations and administrative fees of the District.

The City of Richmond agrees to provide sufficient water and wastewater treatment capacity (1,500 equivalent single-family connections) within its water and wastewater system to serve the entire District. The Developer, on behalf of the District, has previously paid to the City the District's share of the capital cost of the water production capacity. As set forth in the agreement, a connection fee for wastewater capacity is paid to the City for each platted lot prior to final plat recordation.

The City of Richmond is responsible for the operation, maintenance, repair and rehabilitation of the District facilities. However, the District is responsible for all "major repairs" to the District facilities. A major repair is defined as any necessary repair or improvement of the District facilities projected to exceed \$15,000.

Subsidence District Requirements

The District obtains its water supply from the City of Richmond. The City of Richmond's authority to pump groundwater is subject to an annual permit issued by the Fort Bend Subsidence District (the "Subsidence District"). 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 the area within the City of Richmond and the District.

The Subsidence District's regulations required the City of Richmond, individually or collectively with other water users, to have prepared a groundwater reduction plan ("GRP") and obtained certification of the GRP from the Subsidence District by the applicable water well permit expiration date in the year 2010. The City of Richmond's GRP was submitted timely and certified by the Subsidence District. The Subsidence District's regulations further required the City of Richmond individually or collectively with other water users to (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the GRP, beginning October 2015; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the GRP, beginning October 2025.

If the City of Richmond fails to comply with the above Subsidence District regulations, the City of Richmond will be subject to a disincentive fee penalty imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand. If the District fails to comply with any conversion requirements mandated by the City of Richmond, the District would be subject to monetary or other penalties imposed by the City of Richmond.

The City of Richmond completed construction of Phase I of a two million gallon per day (“MGD”) regional surface water treatment plant, which became operational in 2018. The plant enables the City of Richmond to meet the Subsidence District regulations. The City of Richmond used groundwater credits to meet conversion requirements prior to the plant being completed. Under the Groundwater Reduction Plan Participation Agreement between the City of Richmond and the participants, each participant will be given the option to pay its pro rata share of any bonds sold to finance the plant.

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that structures built in such area will not be flooded, and a number of properties in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, approximately 163 acres of land in the District is located within the 100-year floodplain but is intended to be reclaimed for development. Areas identified as detention ponds within the approximately 163 acres will remain in the 100-year floodplain upon full development. See “RISK FACTORS—Extreme Weather Events,” “—Specific Flood Type Risks” and “—Atlas 14.”

General Operating Fund

The Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended July 31, 2021 through July 31, 2024 and an unaudited summary for the fiscal year ended July 31, 2025 provided by the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended July 31				
	2025 (Unaudited)	2024	2023	2022	2021
Revenues					
Property Taxes	\$ 962,500	\$ 380,759	\$ 226,450	\$ 196,552	\$ 197,690
City of Richmond Service Revenues	66,112	290,154	29,618	97,150	21,480
Sales Tax Revenues	401,543	333,383	311,023	282,179	246,127
Tap Connection and Inspection Fees	6,186	-	-	-	-
Investment and Miscellaneous	45,339	76,727	49,556	3,115	611
Total Revenues	\$ 1,481,680	\$ 1,081,023	\$ 616,647	\$ 578,996	\$ 465,908
Expenditures					
Service Operations					
Professional Fees	\$ 151,432	\$ 135,475	\$ 176,355	\$ 100,306	\$ 58,356
Contracted Services	6,989	15,346	12,081	12,493	10,136
Utilities	712	-	-	-	-
City of Richmond Operations Fees	21,523	39,659	26,376	61,713	21,371
Repairs and Maintenance	89,022	52,786	53,127	26,016	35,494
Other Expenditures	84,614	36,068	68,141	27,464	28,004
Capital Outlay	-	1,316,934 (a)	14,610	-	-
Total Expenditures	\$ 354,290	\$ 1,596,268	\$ 350,690	\$ 227,992	\$ 153,361
Revenues Over (Under) Expenditures	\$ 1,127,390	\$ (515,245)	\$ 265,957	\$ 351,004	\$ 312,547
Other Sources (Uses)					
Transfers In/(Out)	-	-	5,741		
Fund Balance (Beginning of Year)	\$ 969,133	\$ 1,484,378	\$ 1,212,680	\$ 861,676	\$ 549,129
Fund Balance (End of Year)	\$ 2,096,523	\$ 969,133	\$ 1,484,378	\$ 1,212,680	\$ 861,676

(a) Represents reimbursement to the Developer from Strategic Partnership Agreement revenues.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$126,142,921	(a)
Gross Direct Debt Outstanding (including the Bonds)	\$11,400,000	(b)
Estimated Overlapping Debt	12,154,247	(c)
Gross Direct Debt and Estimated Overlapping Debt.....	\$23,554,247	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation	9.04%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation	18.67%	
Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twelve (12) months)	\$570,000	(d)
Funds Available for Maintenance and Operations as of September 10, 2025	\$1,928,992	
Funds Available for Capital Projects as of September 10, 2025	\$120,954	

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”
- (b) The District expects to sell an amount up to approximately \$3,700,000 principal amount of unlimited tax road bonds in the fourth quarter of 2025. See “RISK FACTORS—Future Debt.”
- (c) See “—Estimated Overlapping Debt” and “—Overlapping Taxes” herein.
- (d) The District will capitalize the lesser of \$570,000 or twelve (12) months of interest from Bond proceeds to pay debt service on the Bonds. The amount above is estimated at 5.00%. See “THE BONDS—Funds” and “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate owning long term securities or derivative products in the District’s investment portfolio.

Debt Service Requirements

The following sets forth the estimated debt service on the Bonds at an estimated interest rate per annum of 5.00%. This schedule does not reflect the fact that an amount equal to the lesser of \$570,000 or twelve (12) months of interest will be capitalized from Bond proceeds to pay debt service on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Debt Service on the Bonds		
	Principal	Interest	Total
2026	\$ -	\$ 522,500.00	\$ 522,500.00
2027	255,000	570,000.00	825,000.00
2028	270,000	557,250.00	827,250.00
2029	285,000	543,750.00	828,750.00
2030	295,000	529,500.00	824,500.00
2031	310,000	514,750.00	824,750.00
2032	325,000	499,250.00	824,250.00
2033	345,000	483,000.00	828,000.00
2034	360,000	465,750.00	825,750.00
2035	380,000	447,750.00	827,750.00
2036	400,000	428,750.00	828,750.00
2037	415,000	408,750.00	823,750.00
2038	440,000	388,000.00	828,000.00
2039	460,000	366,000.00	826,000.00
2040	485,000	343,000.00	828,000.00
2041	505,000	318,750.00	823,750.00
2042	535,000	293,500.00	828,500.00
2043	560,000	266,750.00	826,750.00
2044	585,000	238,750.00	823,750.00
2045	615,000	209,500.00	824,500.00
2046	645,000	178,750.00	823,750.00
2047	680,000	146,500.00	826,500.00
2048	715,000	112,500.00	827,500.00
2049	750,000	76,750.00	826,750.00
2050	785,000	39,250.00	824,250.00
Total	\$ 11,400,000	\$ 8,949,000.00	\$ 20,349,000.00

Average Annual Debt Service Requirements (2026-2050)\$813,960
Maximum Annual Debt Service Requirement (2036).....\$828,750

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 1,043,973,859	7/31/2025	0.07%	\$ 730,782
Fort Bend County Drainage District.....	21,645,000	7/31/2025	0.07%	15,152
Fort Bend County Levee Improvement District No. 6.....	36,735,000	7/31/2025	6.91%	2,538,389
Lamar Consolidated ISD.....	3,058,595,000	7/31/2025	0.29%	8,869,926
Total Estimated Overlapping Debt.....				\$ 12,154,247
The District.....	11,400,000 (a)	Current	100.00%	11,400,000
Total Direct and Estimated Overlapping Debt.....				\$ 23,554,247

Direct and Estimated Overlapping Debt as a Percentage of:

2025 Certified Taxable Assessed Valuation of \$126,142,921 18.67%

(a) The Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a summary of taxes levied for the 2024 tax year by all entities overlapping the District and the 2025 tax rate of the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2024 Tax Rate per \$100 of Taxable Assessed Valuation
Fort Bend County (including Drainage District).....	\$ 0.422000
Fort Bend County LID No. 6.....	0.330000
Lamar Consolidated ISD.....	1.146900
Total Overlapping Tax Rate.....	\$ 1.898900
The District.....	1.000000
Total Tax Rate.....	\$ 2.898900

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy an initial debt service tax in 2026. See “—Tax Rate Distribution” below and “—Tax Roll Information” herein, and “TAXING PROCEDURES.”

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was held on November 5, 2013, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.00 per \$100 taxable assessed valuation for operations and maintenance costs. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “—Debt Service Tax” above.

Tax Rate Distribution

	<u>2025 (a)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance and Operations	1.00	1.00	1.00	1.00	1.00
Total	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

(a) The District expects to levy its initial debt service tax rate in 2026.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from a report prepared by the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See “—Tax Roll Information” below.

<u>Tax Year</u>	<u>Certified</u>		<u>Total</u>	<u>Total Collections</u>	
	<u>Taxable Assessed</u>	<u>Tax</u>		<u>as of August 31, 2025 (b)</u>	
	<u>Valuation (a)</u>	<u>Rate</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percent</u>
2020	\$ 19,751,280	\$ 1.00	\$ 197,513	\$ 197,513	100.00%
2021	19,654,090	1.00	196,541	196,541	100.00%
2022	21,853,040	1.00	218,530	218,530	100.00%
2023	37,543,071	1.00	375,431	375,042	99.90%
2024	90,873,950	1.00	908,740	908,605	99.99%
2025	126,142,921	1.00	1,261,429	(c)	(c)

- (a) As certified by the Appraisal District. See “—Tax Roll Information” below for gross appraised value and exemptions granted by the District.
- (b) Unaudited.
- (c) Taxes for 2025 are due by January 31, 2026.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuation.

Tax Year	Type of Property			Gross Assessed Valuation	Defrements and Exemptions	Taxable Assessed Valuation
	Land	Improvements	Personal Property			
2021	\$ 8,942,440	\$ 11,388,920	\$ 6,178,100	\$ 26,509,460	\$ (6,855,370)	\$ 19,654,090
2022	17,594,110	10,947,060	6,851,880	35,393,050	(13,540,010)	21,853,040
2023	28,910,956	11,291,901	7,279,663	47,482,520	(9,939,449)	37,543,071
2024	48,837,600	58,420,707	7,035,691	114,293,998	(23,420,048)	90,873,950
2025	50,804,396	89,186,706	9,841,869	149,832,971	(23,690,050)	126,142,921

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the 2025 Certified Taxable Assessed Valuation of \$126,142,921. This represents ownership as of January 1, 2025. See "RISK FACTORS—Dependence on Principal Taxpayers."

Taxpayer	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
Ryon Owner LLC (b)	\$ 72,740,196	57.66%
Berry Place Ventures (a)	18,514,631	14.68%
Welltower OM Group LLC (c)	13,816,807	10.95%
Berry Place Holdings LP (a)	8,811,844	6.99%
HEB LP	6,166,975	4.89%
KS Management Group LLC	3,286,322	2.61%
Texas Petroleum Group LLC (d)	1,907,589	1.51%
George Foundation (a)	877,893	0.70%
Cardtronics USA Inc.	7,095	0.01%
Hallmark Marketing Corp.	5,569	0.00%
Total	\$ 126,134,921	99.99%

(a) See "THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS."

(b) Owner of the Ryon Apartments multi-family development.

(c) Owner of the Kelsey-Seybold building.

(d) Owner of the Shell gas station.

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds if no growth in the District's tax base occurred beyond the 2025 Certified Taxable Assessed Valuation of \$126,142,921. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety percent (90%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2026-2050)	\$813,960
\$0.72 Tax Rate on the 2025 Certified Taxable Assessed Valuation	\$817,406
Maximum Annual Debt Service Requirement (2036).....	\$828,750
\$0.73 Tax Rate on the 2025 Certified Taxable Assessed Valuation	\$828,759

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Fort Bend County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2025 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit

personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2025 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "TAXING PROCEDURES—Rollback of Operations and Maintenance Tax Rate." 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.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2025, approximately 304 acres of land within the District was the subject of such a special exemption.

Tax Abatement

The City of Richmond and Fort Bend County may designate all or part of the District as a reinvestment zone, and the District, Fort Bend County, and (if it were to annex the area) the City of Richmond may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. 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 sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in 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 with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified herein as “Low Tax Rate Districts.” Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below. See “SELECTED FINANCIAL INFORMATION (UNAUDITED)” for a description of the District’s current total tax rate.

Low Tax Rate Districts: Low Tax Rate Districts 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 Low Tax Rate District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

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

The District: A determination as to a district’s status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2025, the District has been designated 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 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. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. 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 sixty-five (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 "RISK FACTORS—Tax Collection Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "—Tax Exemption" herein. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "THE BONDS," "THE DISTRICT—General," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS," solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this OFFICIAL STATEMENT, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

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 will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under Section 57 (a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order 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.

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, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

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.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, 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 individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC 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.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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 accrued period or be in excess of one year (the “Original Issue Discount Bonds”). 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 constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See “Tax Exemption” herein for a discussion of certain collateral federal tax consequences.

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 amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH 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.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the “Premium Bonds”). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein 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.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" and "TAXING PROCEDURES" has been provided by Assessments of the Southwest, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by LJA Engineering, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of July 31, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's July 31, 2024, financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—General Operating Fund" has been provided by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of utility districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter, provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District 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 an ultimate customer.

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered 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").

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM—General Operating Fund," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA—Tax Rate Distribution—Historical Tax Collections—Tax Roll Information—Principal Taxpayers—Tax Adequacy for Debt Service," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is July 31. Accordingly, it must provide updated information by January 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, 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, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement 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 the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. 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 reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The Bonds are the District's first issuance of bonds. The District has not previously entered into a continuing disclosure agreement.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL LOCATION MAP
(Approximate boundaries as of July 2025)



U.S. HIGHWAY 59

**FORT BEND COUNTY
MUNICIPAL UTILITY
DISTRICT No. 207**

F.M. 762

PHOTOGRAPHS OF THE DISTRICT
(Taken July 2025)







APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended July 31, 2024

The information contained in this appendix includes the audited financial statements of Fort Bend County Municipal Utility District No. 207 and certain supplemental information for the fiscal year ended July 31, 2024.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal Utility District No. 207
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 207 (the "District") as of and for the year ended July 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 the District as of July 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information 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.

Board of Directors
Fort Bend County Municipal
Utility District No. 207

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 13, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024

Management's discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 207 (the "District") provides an overview of the District's financial activities for the year ended July 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for maintenance tax revenues, City of Richmond service revenues, sales tax revenues and operating and administrative costs. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$4,637,960 as of July 31, 2024. A portion of the District's net position reflects its net investment in capital assets which includes landscaping, water, wastewater and drainage infrastructure less any debt used to acquire those assets that is still outstanding.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,191,888	\$ 1,850,254	\$ (658,366)
Capital Assets (Net of Accumulated Depreciation)	11,669,499	4,000,336	7,669,163
Total Assets	\$ 12,861,387	\$ 5,850,590	\$ 7,010,797
Due to Landowner/Developer	\$ 17,421,785	\$ 7,636,014	\$ (9,785,771)
Other Liabilities	77,562	205,333	127,771
Total Liabilities	\$ 17,499,347	\$ 7,841,347	\$ (9,658,000)
Net Position:			
Net Investment in Capital Assets	\$ (5,096,135)	\$ (2,969,478)	\$ (2,126,657)
Unrestricted	458,175	978,721	(520,546)
Total Net Position	\$ (4,637,960)	\$ (1,990,757)	\$ (2,647,203)

The following table provides a summary of the District's operations for the years ended July 31, 2024, and July 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 375,457	\$ 232,139	\$ 143,318
Sales Taxes	333,383	311,023	22,360
Charges for Services	290,154	29,618	260,536
Other Revenues	85,003	62,954	22,049
Total Revenues	\$ 1,083,997	\$ 635,734	\$ 448,263
Total Expenses and Conveyances	3,731,200	437,200	(3,294,000)
Change in Net Position	\$ (2,647,203)	\$ 198,534	\$ (2,845,737)
Net Position, Beginning of Year	(1,990,757)	(2,189,291)	198,534
Net Position, End of Year	\$ (4,637,960)	\$ (1,990,757)	\$ (2,647,203)

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2024, were \$1,113,938, a decrease of \$525,294 from the prior year.

The General Fund fund balance decreased by \$515,245, primarily due to operating, capital, and administrative costs exceeding maintenance tax revenues, service revenues and sales tax revenues.

The Capital Projects Fund fund balance decreased by \$10,049 primarily due to capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were \$669,373 more than budgeted revenues and actual expenditures were \$1,345,518 more than budgeted expenditures which resulted in a negative variance of \$676,145. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District's capital assets as of July 31, 2024, total \$11,669,499 (net of accumulated depreciation) and include the District's capacity interest in the City of Richmond's facilities, landscaping, and the water, wastewater and drainage infrastructure.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$	\$ 556,843	\$ (556,843)
Capital Assets Subject to Depreciation:			
Landscaping	313,247	313,247	
Water System	3,559,587	2,978,392	581,195
Wastewater System	1,661,334	357,720	1,303,614
Drainage System	6,939,945	430,110	6,509,835
Less Accumulated Depreciation	(804,614)	(635,976)	(168,638)
Total Net Capital Assets	<u>\$ 11,669,499</u>	<u>\$ 4,000,336</u>	<u>\$ 7,669,163</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024

LONG-TERM DEBT ACTIVITY

As of July 31, 2024, Developers and Landowners have contributed \$17,421,785 for operating advances and the design and construction of certain infrastructure which have been recorded as long-term liabilities (see also Note 6).

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 207, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, Texas 77056-3012.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2024

	General Fund	Capital Projects Fund
ASSETS		
Cash	\$ 410,082	\$ 78,773
Investments	591,061	111,584
Receivables:		
Property Taxes	388	
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 1,001,531</u></u>	<u><u>\$ 190,357</u></u>
LIABILITIES		
Accounts Payable	\$ 32,010	\$ 45,552
Due to Landowner/Developer	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>\$ 32,010</u></u>	<u><u>\$ 45,552</u></u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 388</u>	<u>\$ -0-</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$ 144,805
Unassigned	<u>969,133</u>	<u> </u>
TOTAL FUND BALANCES	<u><u>\$ 969,133</u></u>	<u><u>\$ 144,805</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 1,001,531</u></u>	<u><u>\$ 190,357</u></u>
NET POSITION		
Net Investment in Capital Assets		
Unrestricted		
TOTAL NET POSITION		

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

Total	Adjustments	Statement of Net Position
\$ 488,855	\$	\$ 488,855
702,645		702,645
388		388
	11,669,499	11,669,499
<u>\$ 1,191,888</u>	<u>\$ 11,669,499</u>	<u>\$ 12,861,387</u>
\$ 77,562	\$	\$ 77,562
	17,421,785	17,421,785
<u>\$ 77,562</u>	<u>\$ 17,421,785</u>	<u>\$ 17,499,347</u>
<u>\$ 388</u>	<u>\$ (388)</u>	<u>\$ -0-</u>
\$ 144,805	\$ (144,805)	\$
969,133	(969,133)	
<u>\$ 1,113,938</u>	<u>\$ (1,113,938)</u>	<u>\$ - 0 -</u>
<u>\$ 1,191,888</u>		
	\$ (5,096,135)	\$ (5,096,135)
	458,175	458,175
	<u>\$ (4,637,960)</u>	<u>\$ (4,637,960)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JULY 31, 2024

Total Fund Balances - Governmental Funds	\$	1,113,938
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		11,669,499
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Deferred inflows of resources related to property tax revenues for the 2023 tax levy became part of recognized revenue in the governmental activities of the District.		388
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This liability at year end consist of:

Due to Landowner/Developer		<u>(17,421,785)</u>
Total Net Position - Governmental Activities	\$	<u>(4,637,960)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>
REVENUES		
Property Taxes	\$ 380,759	\$
Service Revenues	290,154	
Sales Tax Revenues	333,383	
Investment and Miscellaneous Revenues	<u>76,727</u>	<u>8,276</u>
TOTAL REVENUES	<u>\$ 1,081,023</u>	<u>\$ 8,276</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 135,475	\$
Contracted Services	15,346	
City of Richmond Operations Fees	39,659	
Repairs and Maintenance	52,786	
Depreciation		
Other	36,068	415
Conveyance of Assets		
Capital Outlay	<u>1,316,934</u>	<u>17,910</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,596,268</u>	<u>\$ 18,325</u>
NET CHANGE IN FUND BALANCES	\$ (515,245)	\$ (10,049)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2023	<u>1,484,378</u>	<u>154,854</u>
FUND BALANCES/NET POSITION - JULY 31, 2024	<u>\$ 969,133</u>	<u>\$ 144,805</u>

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

Total	Adjustments	Statement of Activities
\$ 380,759	\$ (5,302)	\$ 375,457
290,154		290,154
333,383		333,383
85,003		85,003
<u>\$ 1,089,299</u>	<u>\$ (5,302)</u>	<u>\$ 1,083,997</u>
\$ 135,475	\$	\$ 135,475
15,346		15,346
39,659		39,659
52,786		52,786
	168,638	168,638
36,483		36,483
	3,282,813	3,282,813
<u>1,334,844</u>	<u>(1,334,844)</u>	
<u>\$ 1,614,593</u>	<u>\$ 2,116,607</u>	<u>\$ 3,731,200</u>
\$ (525,294)	\$ 525,294	\$
	(2,647,203)	(2,647,203)
<u>1,639,232</u>	<u>(3,629,989)</u>	<u>(1,990,757)</u>
<u>\$ 1,113,938</u>	<u>\$ (5,751,898)</u>	<u>\$ (4,637,960)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2024

Net Change in Fund Balances - Governmental Funds	\$ (525,294)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(5,302)
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(168,638)
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Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.	(3,282,813)
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Governmental funds report capital outlay as expenditures in the period purchased. However, in governmental activities, capital assets are increased by new purchases or the related developer liability is reduced.	<u>1,334,844</u>
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Change in Net Position - Governmental Activities	<u>\$ (2,647,203)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 207 (the “District”) was created effective July 11, 2013, by an Order of the Texas Commission on Environmental Quality (the “Commission”). The District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, and to construct roads as well as parks and recreational facilities for the residents of the District. The Board of Directors held its organizational meeting on August 14, 2013.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund – To account for maintenance tax revenues, service revenues, sales tax revenues and operating and administrative costs.

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over the estimated useful lives which range from 10 to 45 years.

The District conveys roads to the County for ownership and maintenance. Road facilities conveyed to date total \$4,691,904, including \$3,282,813 conveyed in the current fiscal year.

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$488,855 and the bank balance was \$500,792. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 410,082
CAPITAL PROJECTS FUND	<u>78,773</u>
TOTAL DEPOSITS	<u>\$ 488,855</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

All District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexSTAR, an external investment pool that is not SEC-registered. J.P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. TexSTAR measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexSTAR.

As of July 31, 2024, the District had the following investments and maturities:

Funds	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 591,061	\$ 591,061
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	<u>111,584</u>	<u>111,584</u>
TOTAL INVESTMENTS	<u>\$ 702,645</u>	<u>\$ 702,645</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexSTAR was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 4. MAINTENANCE TAX

On November 5, 2013, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the District for operating, maintaining, constructing, acquiring, and repairing District facilities and for the payment of other lawful organization, general and administrative expenditures.

During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$1.00 per \$100 of assessed valuation, which resulted in a tax levy of \$383,378 on the adjustable taxable valuation of \$38,337,839 for the 2023 tax year.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 5. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	August 1, 2023	Increases	Decreases	July 31, 2024
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 556,843	\$ -0-	\$ 556,843	\$ -0-
Capital Assets Subject to Depreciation				
Landscaping	\$ 313,247	\$	\$	\$ 313,247
Water System	2,978,392	581,195		3,559,587
Wastewater System	357,720	1,303,614		1,661,334
Drainage System	430,110	6,509,835		6,939,945
Total Capital Assets Subject to Depreciation	\$ 4,079,469	\$ 8,394,644	\$ -0-	\$ 12,474,113
Accumulated Depreciation				
Landscaping	\$ 173,617	\$ 31,410	\$	\$ 205,027
Water System	352,815	66,781		419,596
Wastewater System	50,363	28,171		78,534
Drainage System	59,181	42,276		101,457
Total Accumulated Depreciation	\$ 635,976	\$ 168,638	\$ -0-	\$ 804,614
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 3,443,493	\$ 8,226,006	\$ -0-	\$ 11,669,499
Total Capital Assets, Net of Accumulated Depreciation	\$ 4,000,336	\$ 8,226,006	\$ 556,843	\$ 11,669,499

NOTE 6. UNREIMBURSED COSTS

The District has executed construction and purchase agreements covering water, wastewater and drainage facilities as well as roads and recreational facilities with a Developer and several related Landowners which call for the Developer and Landowners to fund costs associated with District facilities as well as provide operating advances when needed. The District will pursue the issuance of bonds as a means to reimburse the Landowners for costs incurred related to these agreements and has the option to use sales and use tax revenues and/or bond proceeds as a means to reimburse the Developer. Current year activity is summarized in the following table.

Due to Landowner/Developer, beginning of year	\$ 7,636,014
Additions	11,102,705
Reimbursements	(1,316,934)
Due to Landowner/Developer, end of year	<u>\$ 17,421,785</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 6. UNREIMBURSED COSTS (Continued)

On November 8, 2023, the District approved the reimbursement to the Developer from Strategic Partnership Agreement revenues a total of \$2,225,708. The District disbursed a total of \$1,316,934 to the Developer during the current fiscal year and plans to disburse approximately \$200,000 each subsequent year until fully reimbursed.

NOTE 7. BONDS VOTED

On November 5, 2013, District voters authorized the issuance of water, wastewater and drainage facilities bonds, recreational facilities bonds, and road facilities bonds up to a maximum amount of \$68,750,000, \$10,000,000 and \$33,125,000, respectively. The voters also authorized the issuance of refunding bonds totaling \$78,750,000 and \$33,125,000 for the purposes of refunding utility and recreational facilities bonds and road facilities bonds, respectively.

NOTE 8. WATER SUPPLY AND WASTEWATER SERVICES CONTRACT

Effective November 18, 2013, the District entered into a Water Supply and Wastewater Services Contract (“Contract”) with the City of Richmond, Texas (the “City”). The Contract outlines the terms by which the District will purchase capacity in the City’s water and wastewater treatment facilities. In addition, the District will receive water and wastewater services from the City and the City will operate the District’s internal water and wastewater lines. The term of the Contract is 50 years from its effective date.

Water Supply to the District

The City agrees to provide up to 1,500 ESFC (1,296,000 GPD maximum daily demand) of water capacity to the District. To date, the Landowner has contributed \$1,926,645 for the District’s share of the design and construction of the Edgar Water Plant. The District agreed to pay \$388,244 upon substantial completion of Phase I of the Edgar Water Plant, which payment was made during a prior fiscal year. The District also agreed to pay a share of the design and construction of Phase II of the Edgar Water Plant and made a payment of \$411,904 for this during a prior fiscal year. The City’s charge to the District will be calculated by totaling the water for that month provided to the District’s customers and invoicing at in-City rates, less any portion of the in-city rate attributable to debt service on the City water system, which rate and charges will be inclusive of any estimated amounts for flushing or other usage by the District that is not metered (such estimated amounts to be calculated as one in-City customer), provided that the City will include a calculation and explanation of charges for any estimated or non-metered usage with its monthly invoice to the District. The City also charges a monthly GRP fee, equal to the GRP fee that is charged to in-City customers, for each 1,000 gallons of water used.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 8. WATER SUPPLY AND WASTEWATER SERVICES CONTRACT
(Continued)

Wastewater Service to the District

Subject to the District's payment of the wastewater connection fees, the City agrees to provide wastewater services of up to 1,500 ESFC of wastewater to serve the District during the term of this Contract. The District is responsible for designing and constructing the necessary facilities to deliver wastewater to the City's plant. The City's charge to the District for wastewater services will be calculated by summing the total charges for that month for all of the District's customers, calculated at in-City rates, plus charges for any estimated or metered amounts for water taken that is not metered but which would flow into the District wastewater system.

Operating Service to the District

The City acts as operator for the District and provides all operator services as outlined in the Contract. The City's invoice to the District for such operator services are in addition to the charges to the District for water and wastewater services. The City charges the District a per active single-family equivalent connection plus the City's actual cost of providing all other operator services at cost plus 10%. The City invoices the District's customers in accordance with the District's rate order.

NOTE 9. STRATEGIC PARTNERSHIP AGREEMENT

Effective January 20, 2014, the District entered into a Strategic Partnership Agreement ("Agreement") with the City of Richmond, Texas ("the City"). The Agreement provides the terms and conditions under which services will be provided and funded by the City and the District and under which the District will be annexed in part for limited purposes and eventually entirely for general purposes. The City will impose its sales and use tax within District property upon the limited purposes annexation thereof. The sales and use tax will be imposed on the receipts from the sale and use at retail of taxable items at the rate of two percent or the current City rate under future amendments. The City will rebate to the District 50% of the sales and use tax it collects from District property. Payments to the District will be made monthly not later than the 15th day following the City's receipt of funds from the State. The term of this agreement is 30 years from the effective date, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. Upon expiration of the initial term, this agreement may be extended, at the District's request, with City approval, for successive one-year periods until all land within the District has been annexed into the City. During the current fiscal year, the District recorded \$333,383 of sales tax revenues.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 10. RISK MANAGEMENT

The District is exposed to various risk of loss and carries commercial insurance for general liability, directors and officer's liability, public employees blanket crime and director's bond. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage since inception of the District.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 180,000	\$ 380,759	\$ 200,759
Service Revenues	1,650	290,154	288,504
Sales Tax Revenues	200,000	333,383	133,383
Investment and Miscellaneous Revenues	<u>30,000</u>	<u>76,727</u>	<u>46,727</u>
TOTAL REVENUES	<u>\$ 411,650</u>	<u>\$ 1,081,023</u>	<u>\$ 669,373</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 111,500	\$ 135,475	\$ (23,975)
Contracted Services	8,500	15,346	(6,846)
City of Richmond Operations Fees	23,300	39,659	(16,359)
Repairs and Maintenance	45,000	52,786	(7,786)
Other	62,450	36,068	26,382
Capital Outlay	<u></u>	<u>1,316,934</u>	<u>(1,316,934)</u>
TOTAL EXPENDITURES	<u>\$ 250,750</u>	<u>\$ 1,596,268</u>	<u>\$ (1,345,518)</u>
NET CHANGE IN FUND BALANCE	\$ 160,900	\$ (515,245)	\$ (676,145)
FUND BALANCE - AUGUST 1, 2023	<u>1,484,378</u>	<u>1,484,378</u>	<u></u>
FUND BALANCE - JULY 31, 2024	<u><u>\$ 1,645,278</u></u>	<u><u>\$ 969,133</u></u>	<u><u>\$ (676,145)</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2024

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS:

RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The rates below are based on the rate order effective January 1, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 26.71*	2,000	N	\$ 2.92	2,001 to 5,000
				\$ 3.20	5,001 to 10,000
				\$ 3.47	10,001 to 20,000
				\$ 3.75	20,001 to 50,000
				\$ 4.03	50,001 to 75,000
				\$ 4.32	75,001 and up
WASTEWATER:	\$ 23.79	2,000	N	\$ 3.57	2,001 and up
SURCHARGE:					
Groundwater					
Reduction Fees			N	\$ 2.69	1,000 and up
District employs winter averaging for wastewater usage?					<div style="display: inline-block; width: 45%; text-align: center;"> <u> </u> Yes </div> <div style="display: inline-block; width: 45%; text-align: center;"> <u> X </u> No </div>

Total monthly charges per 10,000 gallons usage: Water: \$51.47 Wastewater: \$52.35 Surcharge: \$26.90 Total: \$130.72

* includes \$10.00 Administrative Fee

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2024

3. UTILITY SERVICE PROVIDER:

The District has a Water Supply and Wastewater Services Contract with the City of Richmond, Texas. The contract outlines the terms by which the District purchased capacity in the City's water and wastewater treatment facilities. In addition, the District receives water and wastewater services from the City and the City operates the District's internal water and wastewater lines (see Note 8).

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Richmond, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2024

PROFESSIONAL FEES:	
Auditing and Agreed-Upon Procedures	\$ 24,750
Engineering	18,463
Legal	<u>92,262</u>
TOTAL PROFESSIONAL FEES	<u>\$ 135,475</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 7,150
Tax Assessment and Collection Costs	<u>8,196</u>
TOTAL CONTRACTED SERVICES	<u>\$ 15,346</u>
REPAIRS AND MAINTENANCE	<u>\$ 52,786</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 6,832
Insurance	7,698
Office Supplies and Postage	1,490
Other	<u>3,061</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 19,081</u>
CAPITAL OUTLAY	<u>\$ 1,316,934</u>
OTHER EXPENDITURES:	
Bulk Water Purchases	\$ 16,987
City of Richmond Operations Fees	<u>39,659</u>
TOTAL OTHER EXPENDITURES	<u>\$ 56,646</u>
TOTAL EXPENDITURES	<u><u>\$ 1,596,268</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
INVESTMENTS
JULY 31, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 343,645	\$
TexSTAR	XXXX2221	Varies	Daily	247,416	
TOTAL GENERAL FUND				<u>\$ 591,061</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX8960	Varies	Daily	<u>\$ 111,584</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 702,645</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2024

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
AUGUST 1, 2023	\$	5,689
Adjustments to Beginning		
Balance, Including Rollbacks	<u>(7,920)</u>	\$ (2,231)
Original 2023 Tax Levy	\$	369,690
Adjustment to 2023 Tax Levy	<u>13,688</u>	<u>383,378</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 381,147
TAX COLLECTIONS:		
Prior Years	\$	(2,231)
Current Year	<u>382,990</u>	<u>380,759</u>
TAXES RECEIVABLE -		
JULY 31, 2024		<u>\$ 388</u>
TAXES RECEIVABLE BY		
YEAR:		
2023		<u>\$ 388</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 29,587,363	\$ 8,942,440	\$ 8,942,440	\$ 8,942,440
Improvements	12,082,805	11,739,060	11,388,920	10,730,700
Personal Property	7,279,663	6,851,880	6,178,100	6,936,290
Exemptions	<u>(10,611,992)</u>	<u>(4,888,340)</u>	<u>(6,855,370)</u>	<u>(6,858,150)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 38,337,839</u>	<u>\$ 22,645,040</u>	<u>\$ 19,654,090</u>	<u>\$ 19,751,280</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY**	<u>\$ 383,378</u>	<u>\$ 226,450</u>	<u>\$ 196,541</u>	<u>\$ 197,513</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.90 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on November 5, 2013.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 380,759	\$ 226,450	\$ 196,552
Service Revenues	290,154	29,618	97,150
Sales Tax Revenues	333,383	311,023	282,179
Investment and Miscellaneous Revenues	<u>76,727</u>	<u>49,556</u>	<u>3,115</u>
TOTAL REVENUES	<u>\$ 1,081,023</u>	<u>\$ 616,647</u>	<u>\$ 578,996</u>
EXPENDITURES			
Professional Fees	\$ 135,475	\$ 176,355	\$ 100,306
Contracted Services	15,346	12,081	12,493
City of Richmond Operations Fees	39,659	26,376	61,713
Repairs and Maintenance	52,786	53,127	26,016
Other	36,068	68,141	27,464
Capital Outlay	<u>1,316,934</u>	<u>14,610</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 1,596,268</u>	<u>\$ 350,690</u>	<u>\$ 227,992</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (515,245)</u>	<u>\$ 265,957</u>	<u>\$ 351,004</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>\$ - 0 -</u>	<u>\$ 5,741</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (515,245)	\$ 271,698	\$ 351,004
BEGINNING FUND BALANCE	<u>1,484,378</u>	<u>1,212,680</u>	<u>861,676</u>
ENDING FUND BALANCE	<u>\$ 969,133</u>	<u>\$ 1,484,378</u>	<u>\$ 1,212,680</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021	2020	2024	2023	2022	2021	2020	
\$ 197,690	\$ 193,053	35.3 %	36.8 %	34.0 %	42.5 %	43.9 %	
21,480	40,715	26.8	4.8	16.8	4.6	9.3	
246,127	205,171	30.8	50.4	48.7	52.8	46.6	
611	1,001	7.1	8.0	0.5	0.1	0.2	
<u>\$ 465,908</u>	<u>\$ 439,940</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 58,356	\$ 80,791	12.5 %	28.6 %	17.3 %	12.5 %	18.4 %	
10,136	10,771	1.4	2.0	2.2	2.2	2.4	
21,371	37,821	3.7	4.3	10.7	4.6	8.6	
35,494	17,583	4.9	8.6	4.5	7.6	4.0	
28,004	27,668	3.3	11.1	4.7	6.0	6.3	
		121.8	2.4				
<u>\$ 153,361</u>	<u>\$ 174,634</u>	<u>147.6 %</u>	<u>57.0 %</u>	<u>39.4 %</u>	<u>32.9 %</u>	<u>39.7 %</u>	
<u>\$ 312,547</u>	<u>\$ 265,306</u>	<u>(47.6) %</u>	<u>43.0 %</u>	<u>60.6 %</u>	<u>67.1 %</u>	<u>60.3 %</u>	
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>						
\$ 312,547	\$ 265,306						
549,129	283,823						
<u>\$ 861,676</u>	<u>\$ 549,129</u>						

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2024

District Mailing Address - Fort Bend County Municipal Utility District No. 207
c/o Schwartz Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 2400
Houston, TX 77056-3012

District Telephone Number - (713) 623-4531

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2024	Expense Reimbursements for the year ended July 31, 2024	Title
Ben Jones	05/2022 05/2026 (Elected)	\$ -0-	\$ -0-	President
Michael Benes	05/2024 05/2028 (Elected)	\$ 1,768	\$ 85	Vice President
Frank Johnson	05/2024 05/2028 (Elected)	\$ 1,547	\$ -0-	Assistant Vice President
Kim Savage	05/2024 05/2028 (Elected)	\$ 1,326	\$ 40	Secretary
Adam Traweck	05/2022 05/2026 (Elected)	\$ 1,768	\$ 91	Assistant Secretary

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

Submission date of most recent District Registration Form: May 31, 2024

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

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 207
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2024

Consultants:	Date Hired	Fees / Compensation for the year ended July 31, 2024	Title
Schwartz, Page & Harding, L.L.P.	08/14/13	\$ 97,194	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/09/14	\$ 14,000 \$ 10,750	Auditor AUP Related
Myrtle Cruz, Inc.	08/14/13	\$ 8,367	Bookkeeper
LJA Engineering, Inc.	08/14/13	\$ 21,872	Engineer
Masterson Advisors LLC	06/13/18	\$ -0-	Financial Advisor
Mary Jarmon of Myrtle Cruz, Inc.	09/11/13	\$ -0-	Investment Officer
Assessments of the Southwest, Inc.	08/14/13	\$ 5,788	Tax Assessor/ Collector
Perdue, Brandon, Fielder, Collins & Mott, LLP	01/11/17	\$ -0-	Delinquent Tax Attorney

See accompanying independent auditor's report.