

OFFICIAL STATEMENT DATED NOVEMBER 10, 2025

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

The Bonds have been designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

S&P Global Ratings (AG Insured) "AA"

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 189

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

\$2,400,000
Unlimited Tax Road Bonds
Series 2025

Dated: December 1, 2025

Interest Accrues From: Date of Delivery

Due: September 1, as shown on inside cover

The \$2,400,000 Fort Bend County Municipal Utility District No. 189 Unlimited Tax Road Bonds, Series 2025 (the "Bonds"), are obligations of Fort Bend County Municipal Utility District No. 189 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Alvin, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Alvin, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

The Bonds are dated December 1, 2025, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about December 10, 2025) (the "Date of Delivery"), with interest payable on March 1, 2026, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the "Registered Owners") at, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.**

**ASSURED
GUARANTY**

The Bonds are the third series of bonds to be issued by the District out of an aggregate \$6,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities (the "Road System") and for the refunding of such bonds issued by the District for the Road System. The District has also issued two series of bonds for the purpose of acquiring or constructing water, sewer and drainage facilities to serve the District (the "Utility System"). Following issuance of the Bonds, \$300,000 principal amount of unlimited tax bonds for the Road System and for the refunding of such bonds, \$57,140,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds, and \$5,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District 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. See "THE BONDS – Source of Payment." The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered, when, as and if issued by the District and accepted by the Initial Purchaser (herein defined), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 10, 2025.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$2,400,000 Unlimited Tax Road Bonds, Series 2025

\$1,295,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346808 (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346808 (b)
2027	\$ 50,000	6.500%	3.100%	EA2	***	***	***	***	***
2028	55,000	6.500%	3.100%	EB0	2041 (c)	\$ 100,000	4.250%	4.350%	EQ7
2029	55,000	6.500%	3.100%	EC8	2042 (c)	105,000	4.375%	4.450%	ER5
2030	60,000	6.500%	3.100%	ED6	2043 (c)	110,000	4.500%	4.500%	ES3
2031	60,000	6.500%	3.100%	EE4	2044 (c)	115,000	4.500%	4.550%	ET1
2032 (c)	65,000	6.500%	3.170%	EF1	2045 (c)	120,000	4.500%	4.600%	EU8
2033 (c)	70,000	5.000%	3.250%	EG9	2046 (c)	125,000	4.500%	4.625%	EV6
2034 (c)	70,000	5.000%	3.200%	EH7	2047 (c)	135,000	4.500%	4.700%	EW4

\$1,105,000 Term Bonds

\$155,000 Term Bonds Due September 1, 2036 (c)(d), Interest Rate: 4.000% (Price: \$100.503) (a), CUSIP No. 346808 EK0 (b)
 \$165,000 Term Bonds Due September 1, 2038 (c)(d), Interest Rate: 4.000% (Price: \$99.305) (a), CUSIP No. 346808 EM6 (b)
 \$185,000 Term Bonds Due September 1, 2040 (c)(d), Interest Rate: 4.000% (Price: \$97.600) (a), CUSIP No. 346808 EP9 (b)
 \$285,000 Term Bonds Due September 1, 2049 (c)(d), Interest Rate: 4.625% (Price: \$98.225) (a), CUSIP No. 346808 EY0 (b)
 \$315,000 Term Bonds Due September 1, 2051 (c)(d), Interest Rate: 4.000% (Price: \$88.246) (a), CUSIP No. 346808 FA1 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) The Bonds maturing on September 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel, for further information.

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

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

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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, Rule 15c2-12.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by Crews & Associates, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" at a price of 97.074163% of the par value thereof, which resulted in a net effective interest rate of 4.596116%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any

security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At September 30, 2025:

- The policyholders’ surplus of AG was approximately \$3,268 million.
- The contingency reserve of AG was approximately \$1,481 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,431 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 (filed by AGL with the SEC on November 7, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “MUNICIPAL BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or

superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE".

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P Global Ratings solely in reliance upon the issuance and delivery of the Policy for the Bonds by Assured Guaranty Inc. at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any rating assigned to the Bonds other than the rating discussed above.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Fort Bend County Municipal Utility District No. 189 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Bonds.....	The District's \$2,400,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds"), are dated December 1, 2025, and mature on September 1 in the years and in the principal amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about December 10, 2025) (the "Date of Delivery"), with interest payable on March 1, 2026, and each September 1 and March 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds.....	<i>Optional Redemption:</i> The Bonds that mature on and after September 1, 2032, are subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – <i>Optional Redemption.</i>" <i>Mandatory Redemption:</i> The Bonds maturing on September 1 in the years 2036, 2038, 2040, 2049, and 2051 are term bonds (the "Term Bonds") and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption of the Bonds – <i>Mandatory Redemption.</i>"
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance.....	The Bonds are the third series of bonds to be issued by the District out of an aggregate \$6,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities (the "Road System") and for the refunding of such bonds issued by the District for the Road System. The District has also issued two series of bonds for the purpose of acquiring or constructing water, sewer and drainage facilities to serve the District (the "Utility System"). Following issuance of the Bonds, \$300,000 principal amount of unlimited tax bonds for the Road System and for the refunding of such bonds, \$57,140,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds, and \$5,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Parks") and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued by the District pursuant to: a resolution adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the

Texas Water Code, as amended; and the election held within the District on November 6, 2018. See “THE BONDS – Authority for Issuance.”

Source of Payment	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Alvin, Texas; or any entity other than the District. See “THE BONDS – Source of Payment.” The District is authorized to levy separate taxes to pay debt service on bonds issued for the Utility System and Parks and to pay debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.
Payment Record.....	The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds for the purpose of constructing or acquiring the Utility System: \$2,735,000 Unlimited Tax Bonds, Series 2021; and \$2,125,000 Unlimited Tax Bonds, Series 2023 and two series of unlimited tax bonds for the purpose of constructing or acquiring the Road System: \$1,300,000 Unlimited Tax Road Bonds, Series 2021A; and \$2,000,000 Unlimited Tax Road Bonds, Series 2024. Of such previously issued series of bonds, \$7,770,000 principal amount remains outstanding (the “Outstanding Bonds”). See “THE BONDS – Outstanding Bonds” and “THE BONDS – Authority for Issuance.”
Use of Proceeds of the Bonds	Proceeds from the sale of the Bonds will be used to pay for road improvements within the District and other related costs. Additionally, proceeds from the sale of the Bonds will be used to pay for six months of capitalized interest, and other certain costs associated with the issuance of the Bonds. See “THE BONDS – Use and Distribution of Proceeds of the Bonds.”
Qualified Tax-Exempt Obligations	The District has designated the Bonds “qualified tax-exempt obligations” for financial institutions.
Municipal Bond Insurance.....	Assured Guaranty Inc. (“AG”). See “MUNICIPAL BOND INSURANCE.”
Ratings	S&P Global Ratings (AG Insured): “AA.” See “RATINGS.”
Bond Counsel	Allen Boone Humphries Robinson LLP, Houston, Texas.
Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description.....	The District is located in eastern Fort Bend County. The District is a political subdivision of the State of Texas, located entirely within the extraterritorial jurisdiction (“ETJ”) of the City of Alvin, Texas. The District is generally bounded on the north by the Southern Colony Subdivision, on the east by Caldwell Ranch Subdivision on the west by F.M. 521, and on the south by Juliff-Manvel Road. The District is a municipal utility district created by an Act of the 80th Legislature of the State of Texas, Regular Session pursuant to Senate Bill 1977 codified as Chapter 8300 of the Texas Special District Local Laws Code, becoming effective on May 22, 2007. The District was created as a municipal utility district under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 238.60 acres. The District’s boundaries have not changed since creation. See “THE DISTRICT.”
Development within the District	The District is being developed as the residential community known as Huntington Place. To date, approximately 69.71 acres within the District have been developed as 321 single-family lots in Huntington Place, Sections 2, 3, 4, 5, and 6. As of October 1, 2025, development within the District

consisted of approximately 297 completed homes (approximately 282 occupied, 14 unoccupied, and 1 model home), approximately 6 homes under construction, and approximately 18 vacant, developed lots. Additionally, Huntington Place, Section 7 is currently under development on approximately 14.89 acres as 65 single-family lots. The remainder of the District's total acres consists of approximately 40.74 undevelopable acres and approximately 113.26 developable acres. See "THE DEVELOPER," "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."

The Developer..... The developer of land located within the District is Woodmere Development Company Ltd., a Texas limited partnership whose general partner is Woodmere GP, LLC ("Woodmere" or the "Developer"). BGM Land Investments, Ltd, a Texas Limited partnership ("BGM") whose general partner is G.P. Landvest, LLC is a company related to Woodmere that purchases and holds the land to be developed by Woodmere. Long Lake, Ltd., a Texas Limited partnership ("Long Lake"), a company related to Woodmere, oversees the sales and construction of homes within the District. Woodmere, BGM, and Long Lake, are all under common management and ownership (the "Related Entities"). See "THE DEVELOPER," and "DEVELOPMENT OF THE DISTRICT."

Homebuilder Within the District..... The only homebuilder active in the District is Lake Ridge Builders. Prices of new homes being constructed in the District range from approximately \$275,000 to approximately \$425,000, ranging from approximately 1,530 square feet to 2,850 square feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilder within the District."

RISK FACTORS

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

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Assessed Taxable Valuation	\$ 89,537,631	(a)
Estimated Taxable Valuation as of August 1, 2025	\$ 105,263,250	(b)
Direct Debt:		
Outstanding Bonds	\$ 7,770,000	
The Bonds	\$ <u>2,400,000</u>	
Total	\$ 10,170,000	
Estimated Overlapping Debt	\$ <u>4,142,215</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 14,312,215	(c)
Direct Debt Ratios:		
As a percentage of 2025 Assessed Taxable Valuation	11.36	%
As a percentage of Estimated Taxable Valuation as of August 1, 2025	9.66	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2025 Assessed Taxable Valuation	15.84	%
As a percentage of Estimated Taxable Valuation as of August 1, 2025	13.60	%
Utility System Debt Service Fund Balance (as of October 14, 2025)	\$ 173,324	(d)
Road System Debt Service Fund (as of October 14, 2025)	\$ 214,955	(e)
Operating Fund Balance (as of October 14, 2025)	\$ 315,409	(f)
Capital Projects Fund Balance (as of October 14, 2025)	\$ 27,502	
2025 Tax Rate per \$100 of Assessed Taxable Valuation		
Utility Debt Service	\$ 0.33	
Road Debt Service	\$ 0.23	
Maintenance and Operations	\$ <u>0.94</u>	
Total	\$ 1.50	
Average Annual Debt Service Requirement (2026–2051)	\$ 602,935	(g)
Maximum Annual Debt Service Requirement (2046)	\$ 699,219	(g)
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2026–2051) at 95% Tax Collections:		
Based on the 2025 Assessed Taxable Valuation	\$ 0.71	
Based on the Estimated Taxable Valuation as of August 1, 2025	\$ 0.61	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2046) at 95% Tax Collections:		
Based on the 2025 Assessed Taxable Valuation	\$ 0.83	
Based on the Estimated Taxable Valuation as of August 1, 2025	\$ 0.70	
Single-Family Homes (including 6 under construction) as of October 1, 2025	303	(h)

- (a) As certified by the Fort Bend County Appraisal District (the "Appraisal District"). See "TAX DATA – Assessed Taxable Valuation Summary" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Includes an estimate of the taxable value resulting from new construction within the District from January 1, 2025, to August 1, 2025. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund (herein defined). Monies in the Utility System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Road System (herein defined), including the Bonds.
- (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Monies in the Road System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System (herein defined). This amount does not include six (6) months of capitalized interest on the Bonds which will be deposited following closing of the Bonds.
- (f) See "RISK FACTORS – Operating Funds."
- (g) See "DISTRICT DEBT – Debt Service Requirement Schedule."
- (h) Of the 297 homes completed as of October 1, 2025, approximately 282 homes were occupied.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 189

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

\$2,400,000
Unlimited Tax Road Bonds
Series 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 189 (the "District") of its \$2,400,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds").

The Bonds are issued by the District pursuant to: a resolution adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; and the election held within the District on November 6, 2018.

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

There follow in this Official Statement descriptions of the Bonds, the Bond Resolution and certain information about the District and its development and finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas (the "State"), Fort Bend County, Texas (the "County"), the City of Alvin, Texas (the "City"), or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

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

The Developer: There is no commitment by or legal requirement of the Developer (defined herein) or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's principal taxpayers in 2025 owned property located within the District the aggregate assessed valuation of which

comprised approximately 12.15% of the District's total 2025 Certified Assessed Valuation. The Developer and Related Entities (as defined under "THE DEVELOPER") represent \$8,138,775 or approximately 9.09% of the 2025 Taxable Assessed Valuation. In the event that the Developer, any other principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The taxable assessed valuation as of January 1, 2025, of all taxable property located within the District is \$89,537,631, and the estimate of taxable value as of August 1, 2025, is \$105,263,250. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2046) is \$699,219, and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2026–2051) is \$602,935. Assuming no decrease to the District's taxable assessed valuation as of January 1, 2025, debt service tax rates of \$0.83 and \$0.71 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the estimate of taxable value as of August 1, 2025, debt service tax rates of \$0.70 and \$0.61 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "DISTRICT DEBT – Debt Service Requirement Schedule" and "TAX DATA – Tax Rate Calculations."

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2025, the District levied a total tax rate of \$1.50 per \$100 taxable assessed valuation composed of the following: a tax of \$0.33 per \$100 of taxable assessed valuation for payment of debt service on the bonds issued by the District for the Utility System; a tax of \$0.23 per \$100 of taxable assessed valuation for payment of debt service on bonds issued by the District for the Road System; and a tax of \$0.94 per \$100 of taxable assessed valuation for maintenance and operations.

Increase in Costs of Building Materials

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

Operating Funds

To date, the District has relied on developer advances to fund its operations. The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District levied a 2025 maintenance tax of \$0.94 per \$100 of assessed valuation. The District's general fund balance as of October 14, 2025, was \$315,409. The revenue produced from a \$0.94 maintenance tax in 2025 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developer and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate.

Competitive Nature of Residential Housing Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The respective competitive position of the Developer and the homebuilder listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the

liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within six months for commercial property and two years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

Extreme Weather Events

The Houston area, including the District, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 25, 2017 and during Tropical Storm Imelda on September 19, 2019. While no facilities or homes had been built in the District prior to Hurricane Harvey, according to the District's Engineer, Imelda did not cause damage to the District's water, sanitary sewer and drainage facilities, and there was no interruption of water and sewer service in the District. Further, to the best knowledge of the Developer and the Engineer, no homes in the District experienced structural flooding or other material damage. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Houston area. Additional extreme weather events have the potential to cause damage within the District and the Houston area generally could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Special Flood Type Risks

The District may be subject to the following flood risks:

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

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

or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

National Weather Service Atlas Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in 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.

Potential Effects of Oil Price Volatility on the Houston Area

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

Registered Owners' Remedies and Bankruptcy Limitations

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

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

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 Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right 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 Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no 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. In the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution 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.

Marketability

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

Future Debt

The Bonds are the District's third issuance of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System") and for the refunding of bonds issued by the District for the Road System. The District reserves in the Bond Resolution the right to issue the remaining \$300,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing the Road System and for the refunding of such bonds; \$57,140,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of constructing or acquiring a water, wastewater, and a drainage system to serve the District (the "Utility System") and for the refunding of such bonds for the Utility System; and \$5,000,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Parks") and for the refunding of such bonds, and such additional bonds as may hereafter be approved by voters in the District. See "THE BONDS – Issuance of Additional Debt." The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution authorized by the voters of the District, may be issued by the District from time to time as needed. If additional bond are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. Issuance of the \$57,140,000 remaining unlimited tax bonds for the Utility System, as well as the \$5,000,000 remaining unlimited tax bonds for park facilities, is subject to approval by the TCEQ. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District. Currently, the District is developing parks using surplus operating funds

After reimbursement from the proceeds of the Bonds, the District will owe the Developer approximately \$15,100,000 for reimbursable expenditures advances to develop land in the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the 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.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

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

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated December 1, 2025, and accrue interest from the date of delivery (on or about December 10, 2025) (the "Date of Delivery") with interest payable March 1, 2026, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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 purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

Redemption of the Bonds

Optional Redemption:

The Bonds maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity.

Mandatory Redemption:

The Bonds maturing on September 1 in the years 2036, 2038, 2040, 2049, and 2051 are term bonds (the “Term Bonds”). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), and in the principal amount set forth in the following schedule:

\$155,000 Term Bonds Maturing on September 1, 2036

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2035	\$ 75,000
September 1, 2036 (Maturity)	\$ 80,000

\$165,000 Term Bonds Maturing on September 1, 2038

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2037	\$ 80,000
September 1, 2038 (Maturity)	\$ 85,000

\$185,000 Term Bonds Maturing on September 1, 2040

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2039	\$ 90,000
September 1, 2040 (Maturity)	\$ 95,000

\$285,000 Term Bonds Maturing on September 1, 2049

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2048	\$ 140,000
September 1, 2049 (Maturity)	\$ 145,000

\$315,000 Term Bonds Maturing on September 1, 2051

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2050	\$ 155,000
September 1, 2051 (Maturity)	\$ 160,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to

the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Outstanding Bonds

The District has previously issued two series of unlimited tax bonds for the purpose of constructing or acquiring the Utility System: \$2,735,000 Unlimited Tax Bonds, Series 2021; and \$2,125,000 Unlimited Tax Bonds, Series 2023 and two series of unlimited tax bonds for the purpose of constructing or acquiring the Road System: \$1,300,000 Unlimited Tax Road Bonds, Series 2021A; and \$2,000,000 Unlimited Tax Road Bonds, Series 2024. Of such previously issued series of bonds, \$7,770,000 principal amount remains outstanding (the "Outstanding Bonds").

Authority for Issuance

The Bonds are the third series of unlimited tax bonds to be issued by the District out of an aggregate \$6,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the Road System and for the refunding of such bonds issued by the District for the Road System. The District has also issued two series of unlimited tax bonds for the Utility System. Following issuance of the Bonds, \$300,000 principal amount of unlimited tax bonds for the Road System and for the refunding of such bonds, \$57,140,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds, and \$5,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Resolution; Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; and the election held within the District on November 6, 2018.

Funds

The Bond Resolution confirms the District's fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). At closing, six (6) months of capitalized interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds issue for the Road System, and any additional unlimited tax bonds issued by the District for the Road System, 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, the Outstanding Bonds issue for the Road System, and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds for the Road System 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. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$6,000,000 principal amount of unlimited tax bonds for the Road System and for the refunding of such bonds; \$62,000,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of such bonds; \$5,000,000 principal amount unlimited tax bonds for the Parks and for the refunding of such bonds; and could authorize additional amounts.

After issuance of the Bonds, the following unlimited tax bonds will remain authorized but unissued: \$300,000 principal amount for the Road System and for the refunding of such bonds; \$57,140,000 principal amount for the Utility System and the refunding of such bonds; and \$5,000,000 principal amount for the Parks and for the refunding of such bonds.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued for the Utility System or for recreational facilities, approved by the TCEQ).

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board of Directors has not considered adoption of a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on November 6, 2007, the District's voters authorized \$5,000,000 in unlimited tax bonds for the purpose of acquiring and constructing the Parks. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. Currently, the District is developing parks using surplus operating funds. The District has not considered the preparation of a parks bond application at this time.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, fees of the Paying Agent/Registrar and fees of appraisal districts. Tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Road System and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction ("ETJ") of the City, the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

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

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and

circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus,

the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Use and Distribution of Proceeds of the Bonds

Proceeds from the sale of the Bonds will be used to pay for road improvements within the District and other related costs. Additionally, proceeds from the sale of the Bonds will be used to pay for six months of capitalized interest, and other certain costs associated with the issuance of the Bonds. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

CONSTRUCTION COSTS		District's Share
A. Developer Contribution Items		
1. Huntington Place Section 4		\$ 308,897
2. Huntington Place Section 5		625,882
3. Future Huntington Section 7 – Country Fair Lane		367,954
4. Huntington Place Section 4 Streetlights		2,740
5. Land Costs		620,450
6. Engineering, Geotechnical, and CPS		<u>148,794</u>
Total Developer Contribution Items		<u>\$ 2,074,718</u>
TOTAL CONSTRUCTION COSTS		\$ 2,074,718
NON-CONSTRUCTION COSTS		
A. Legal Fees		\$ 72,000
B. Fiscal Agent Fees		48,000
C. Interest		
1. Capitalized Interest		55,738
D. Bond Discount (3.00%)		70,220
E. Bond Issuance Costs		2,400
F. Engineer Costs		20,000
G. Attorney General Fee (0.10% or \$9,500 max.)		47,882
H. Contingency (a)		<u>9,042</u>
TOTAL NON-CONSTRUCTION COSTS		\$ 325,282
TOTAL BOND ISSUE REQUIREMENT		<u>\$ 2,400,000</u>

(a) Represents the difference between the estimated and actual amounts of capitalized interest and bond discount on the Bonds.

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

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THE DISTRICT

Authority

The District was created by an Act of the 80th Legislature of the State of Texas, Regular Session pursuant to Senate Bill 1977 codified as Chapter 8300 of the Texas Special District Local Laws Code, becoming effective on May 22, 2007. The District was created as a municipal utility district under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates under Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water and the construction of roads and related facilities.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District construction and operation of the District's Utility System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM - Regulation."

Description

The District encompasses approximately 238.60 acres. The District is located in eastern Fort Bend County. The District is a political subdivision of the State of Texas, located entirely within the ETJ of the City of Alvin, Texas. The District is generally bounded on the north by Southern Colony Subdivision, on the east by Caldwell Ranch Subdivision, on the west by F.M. 521, and on the south by Juliff-Manvel Road.

Management of the District

The District is governed by its Board of Directors (the "Board") consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve staggered, four-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Diane McGuire	President	2026
Alan Greenwood	Vice President	2028
Chuck Bramlett	Secretary	2026
Scipio Spinks	Assistant Vice President	2026
Gary Watt	Assistant Secretary	2028

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Tax Tech, Inc.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

Utility System Operator: The District's water and sewer system is operated by Municipal District Services, LLC.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed annually with the TCEQ. 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 Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. The District has engaged Forvis Mazars, LLP as its auditor for the fiscal year ended July 31, 2025. A copy of the District's July 31, 2024, audited financial statements is included as "APPENDIX A."

Engineer: The District's engineer is LJA Engineering, Inc. (the "Engineer").

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as disclosure counsel ("Disclosure Counsel") to the District in connection with the issuance of the Bonds. The fees to be paid Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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

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DEVELOPMENT OF THE DISTRICT

The District is being developed as the residential community known as Huntington Place. To date, approximately 69.71 acres within the District have been developed as 321 single-family lots in Huntington Place, Sections 2, 3, 4, 5, and 6. As of October 1, 2025, development within the District consisted of approximately 297 completed homes (approximately 282 occupied, 14 unoccupied, and 1 model home), approximately 6 homes under construction, and approximately 18 vacant, developed lots. Additionally, Huntington Place, Section 7 is currently under development on approximately 14.89 acres as 65 single-family lots. The remainder of the District's total acres consists of approximately 40.74 undevelopable acres and approximately 113.26 acres of future developable area.

Status of Development within the District

The following is a status of construction of single-family housing within the District as of October 1, 2025:

<u>Section</u>	<u>Type of Development</u>	<u>Acreage</u>	<u>No. of Lots</u>	<u>Homes</u>		<u>Vacant Lots</u>
				<u>Complete</u>	<u>Under Construction</u>	
Huntington Place, Section 2	Single Family	17.76	74	70	–	4
Huntington Place, Section 3	Single Family	15.66	63	63	–	–
Huntington Place, Section 4	Single Family	14.20	67	67	–	–
Huntington Place, Section 5	Single Family	11.52	60	60	–	–
Huntington Place, Section 6	Single Family	10.57	57	37	6	14
Subtotal		69.71	321	297	6	18
Under Development (a)		14.89				
Undevelopable		40.74				
Remaining Developable		<u>113.26</u>				
Total District Acreage		238.60				

(a) Such acreage is currently under development as Huntington Place, Section 7 as 65 lots.

Homebuilder within the District

The only homebuilder active in the District is Lake Ridge Builders. Prices of new homes being constructed in the District range from approximately \$275,000 to approximately \$425,000, ranging from approximately 1,530 square feet to 2,850 square feet.

THE DEVELOPER

Role of the Developer

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

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from

circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

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

Developer

The developer of land located within the District is Woodmere Development Company Ltd., a Texas Limited partnership whose general partner is Woodmere GP, LLC ("Woodmere" or the "Developer"). BGM Land Investments, Ltd, a Texas Limited partnership ("BGM") whose general partner is G.P. Landvest, LLC is a company related to Woodmere that purchases and holds the land to be developed by Woodmere. Long Lake, Ltd., a Texas limited partnership ("Long Lake"), a company related to Woodmere, oversees the sales and construction of homes within the District. Woodmere, BGM, and Long Lake, are all under common management and ownership (the "Related Entities").

THE SYSTEM

Regulation

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

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

Water, Sanitary Sewer and Drainage System

Water Supply: The District's source of water is groundwater from a water well with a capacity of 1,000 gallons-per-minute ("gpm"). The District's water plant ("Water Plant No. 1") also includes a 15,000-gallon hydro-tank, a 321,000-gallon storage tank, a 400 gpm booster pumper, and two 1,100 gpm booster pumps. The District has an emergency water supply agreement with Fort Bend County Municipal Utility District No. 131 ("FBMUD 131"). There is currently an interconnection between the District and FB MUD 131. The District's water supply is capable of serving 750 equivalent single-family connections ("ESFCs").

At this time, the District does not receive any surface water. The District is included within the North Fort Bend Water Authority and is a participant in its Groundwater Reduction Plan. See "Subsidence and Conversion to Surface Water Supply" below.

Wastewater Treatment: Pursuant to the Wastewater Treatment Facilities Agreement between the District and FBMUD 131, FBMUD 131 provides wastewater treatment facilities to the District. The District owns 144,480 gallons per day (gpd) in the existing 640,000 gpd wastewater treatment plant ("WWTP"). FBMUD 131 operates the WWTP with a service capacity of 2,032 connections at 315 gpd per connection, of which the District owns 459 ESFC.

Drainage: The natural pattern for overland flow within the District is for sheet flow to flow generally south to north and ultimately to the Sienna Plantation Levee Improvement District ("SPLID") external channel and ultimately to the Brazos River. To provide drainage within the District, a detention pond has been constructed to provide outfall drainage for the District. Internal storm sewers within subdivision sections are directed to the detention pond which ultimately outfalls to the SPLID external channel. A detention pond has been constructed to receive storm water runoff from the interior subdivision sections. The detention pond system outfalls to SPLID external channel which ultimately outfalls to the Brazos River.

100 Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An

engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

No acreage within the District is currently located in the 100-year flood plain.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”) which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District’s jurisdiction, including the area within the District. The Texas legislature created the North Fort Bend Water Authority (the “Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to Fort Bend County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston to obtain treated surface water from the City. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District’s groundwater wells are included within the Authority’s GRP.

The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority’s GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds to finance the Authority’s project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority’s GRP; (ii) beginning in the year 2027, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority’s GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due to the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System and the District’s water supply facilities, which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District’s surface water conversion requirements, or (iii) will comply with its GRP.

The Road System

The District’s Road System is expected to be funded with the proceeds of the Bonds and future proceeds of bonds issued for the Road System. See “RISK FACTORS – Future Debt” and “THE BONDS – Issuance of Additional Debt.” Construction of the District’s roads is subject to certain regulations by the City and Fort Bend County, Texas.

Fort Bend County is responsible for ongoing maintenance of public roads in the District, once accepted by the County.

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General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's Utility System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements for the fiscal years ended 2020 through 2024. The figures for fiscal year ended July 31, 2025 are unaudited and were obtained from the District's bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended					
	07/31/2025 (a)	07/31/2024	07/31/2023	07/31/22	07/31/21	07/31/20
REVENUES						
Property taxes	\$ 657,908	\$ 631,099	\$ 486,047	\$ 281,993	\$ 257,172	\$ 70,220
Water service	63,044	46,191	29,218	21,600	15,846	9,551
Sewer service	123,563	100,781	80,491	61,812	45,078	24,655
Regional water fee	135,197	135,150	108,032	91,942	69,452	45,392
Penalty and interest	11,465	8,085	6,008	4,532	3,802	689
Tap conn. & insp. fees	73,579	64,635	59,048	100,436	64,452	63,240
Investment income	16,650	15,384	8,046	434	83	50
Other income	6,505	<u>2,305</u>	<u>1,830</u>	<u>1,335</u>	<u>1,397</u>	<u>1,590</u>
TOTAL REVENUES	\$ 1,087,911	\$ 1,003,630	\$ 778,720	\$ 564,084	\$ 457,305	\$ 215,387
EXPENDITURES						
Purchased services	\$ 66,417	\$ 7,206	\$ 168,140	\$ 51,905	\$ 60,056	\$ 120,530
Regional water fee	138,447	102,034	95,591	101,508	72,114	43,374
Professional fees	144,266	86,230	86,026	90,792	95,658	128,190
Contracted services	149,856	169,891	138,350	110,330	86,866	72,296
Utilities	22,162	20,574	18,572	21,105	18,790	20,392
Repairs and maintenance	133,279	111,488	148,752	151,660	129,293	127,580
Other expenditures	235,464	130,510	83,894	67,877	54,977	42,597
Tap connections	32,238	27,450	24,135	59,010	21,780	26,420
Capital outlay	234,491	103,211	264,964	14,905	30,171	35,797
Debt Service, debt issuance cost	<u>-</u>	<u>-</u>	<u>38,289</u>	<u>-</u>	<u>34,986</u>	<u>-</u>
TOTAL EXPENDITURES	\$ 1,156,619	\$ 758,594	\$ 1,066,713	\$ 669,092	\$ 606,691	\$ 617,176
Excess Revenues (Expenditures)	\$ (68,708)	\$ 245,036	\$ (287,993)	\$ (105,008)	\$ (149,386)	\$ (401,789)
Other Financing Sources	\$ -	\$ -	\$ -	\$ 34,949	\$ -	\$ -
Interfund Transfers In	\$ -	\$ 175,000	\$ 265,000	\$ 130,830	\$ 282,000	\$ 277,000
Developer advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Proceeds	\$ -	\$ 37,410	\$ -	\$ -	\$ -	\$ -
Fund Balance, Beg. of Year	\$ 485,485	\$ 28,039	\$ 51,032	\$ (9,739)	\$ (142,353)	\$ (17,564)
Fund Balance, End of Year	\$ 416,777	\$ 485,485	\$ 28,039	\$ 51,032	\$ (9,739)	\$ (142,353)

(a) Unaudited figures.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(October, 2025)



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, plus the principal and interest requirements for the Bonds.

Calendar Year	Outstanding Debt Service	The Bonds		Total Debt Service
		Principal	Interest	
2026	\$ 499,443	\$ -	\$ 80,819	\$ 580,262
2027	506,093	50,000	111,475	667,568
2028	501,993	55,000	108,225	665,218
2029	502,793	55,000	104,650	662,443
2030	507,763	60,000	101,075	668,838
2031	507,150	60,000	97,175	664,325
2032	502,413	65,000	93,275	660,688
2033	507,325	70,000	89,050	666,375
2034	511,600	70,000	85,550	667,150
2035	505,300	75,000	82,050	662,350
2036	508,688	80,000	79,050	667,738
2037	513,100	80,000	75,850	668,950
2038	516,900	85,000	72,650	674,550
2039	525,019	90,000	69,250	684,269
2040	527,294	95,000	65,650	687,944
2041	529,031	100,000	61,850	690,881
2042	534,881	105,000	57,600	697,481
2043	529,894	110,000	53,006	692,900
2044	529,550	115,000	48,056	692,606
2045	533,500	120,000	42,881	696,381
2046	536,738	125,000	37,481	699,219
2047	293,888	135,000	31,856	460,744
2048	292,606	140,000	25,781	458,388
2049	140,738	145,000	19,306	305,044
2050	-	155,000	12,600	167,600
2051	-	160,000	6,400	166,400
Total	\$ 11,563,695	\$2,400,000	\$ 1,712,613	\$ 15,676,308

Average Annual Debt Service Requirement (2026–2051) \$ 602,935

Maximum Annual Debt Service Requirement (2046)..... \$ 699,219

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Bonded Indebtedness

2025 Assessed Taxable Valuation	\$ 89,537,631	(a)
Estimated Taxable Valuation as of August 1, 2025	\$ 105,263,250	(b)
Direct Debt:		
Outstanding Bonds	\$ 7,770,000	
The Bonds	\$ <u>2,400,000</u>	
Total	\$ 10,170,000	
Estimated Overlapping Debt	\$ <u>4,142,215</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 14,312,215	(c)
Direct Debt Ratios:		
As a percentage of 2025 Assessed Taxable Valuation	11.36	%
As a percentage of Estimated Taxable Valuation as of August 1, 2025	9.66	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2025 Assessed Taxable Valuation	15.84	%
As a percentage of Estimated Taxable Valuation as of August 1, 2025	13.60	%
Utility System Debt Service Fund Balance (as of October 14, 2025)	\$ 173,324	(d)
Road System Debt Service Fund (as of October 14, 2025)	\$ 214,955	(e)
Operating Fund Balance (as of October 14, 2025)	\$ 315,409	(f)
Capital Projects Fund Balance (as of October 14, 2025)	\$ 27,502	
2025 Tax Rate per \$100 of Assessed Taxable Valuation		
Utility Debt Service	\$ 0.33	
Road Debt Service	\$ 0.23	
Maintenance and Operations	\$ <u>0.94</u>	
Total	\$ 1.50	
Average Annual Debt Service Requirement (2026–2051)	\$ 602,935	(g)
Maximum Annual Debt Service Requirement (2046)	\$ 699,219	(g)
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay		
Average Annual Debt Service Requirement (2026–2051) at 95% Tax Collections:		
Based on the 2025 Assessed Taxable Valuation	\$ 0.71	
Based on the Estimated Taxable Valuation as of August 1, 2025	\$ 0.61	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2046) at 95% Tax Collections:		
Based on the 2025 Assessed Taxable Valuation	\$ 0.83	
Based on the Estimated Taxable Valuation as of August 1, 2025	\$ 0.70	

(a) As certified by the Fort Bend County Appraisal District (the "Appraisal District"). See "TAX DATA – Assessed Taxable Valuation Summary" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Includes an estimate of the taxable value resulting from new construction within the District from January 1, 2025, to August 1, 2025. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund (herein defined). Monies in the Utility System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Road System (herein defined), including the Bonds.

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Monies in the Road System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System (herein defined). This amount does not include six (6) months of capitalized interest on the Bonds which will be deposited following closing of the Bonds.

(f) See "RISK FACTORS – Operating Funds."

(g) See "DISTRICT DEBT – Debt Service Requirement Schedule."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports* published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt as of September 30, 2025	Estimated Overlapping	
		Percent	Amount
Fort Bend ISD	\$ 1,235,264,389	0.07%	\$ 881,556
Fort Bend County	1,836,730,000	0.18%	3,245,104
Fort Bend County Drainage District	21,645,000	0.07%	15,555
Total Estimated Overlapping Debt			\$ 4,142,215
The District			<u>\$ 10,170,000</u> (a)
Total Direct & Estimated Overlapping Debt			<u>\$ 14,312,215</u> (a)

(a) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

	Percentage of 2025 Assessed Taxable Valuation	Percentage of Estimated Taxable Valuation August 1, 2025
Direct Debt (a)	11.36%	9.66%
Total Direct and Estimated Overlapping Debt (a)	15.84%	13.60%

(a) Includes the Bonds and the Outstanding Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds and any additional unlimited tax bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the Utility System and for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Fort Bend County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Effective January 1, 2018, this exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage

purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

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

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

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

temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Tax Payment Installments after Disaster

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

Additionally the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property as been damaged as a direct result of the disaster or emergency.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

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

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

Developing Districts: Districts that do not meet the classification of a Special Taxing Unit or a Developed District 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 rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If 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 1.08 times the previous year's operation and maintenance tax rate.

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. For the 2025 tax year, the District is classified 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 as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

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TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds See "THE BONDS" and "RISK FACTORS."

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.50 per \$100 assessed taxable valuation.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "Tax Rate Distribution" below.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2025 Assessed Taxable Valuation (\$89,537,631), or the Estimated Taxable Valuation as of August 1, 2025 (\$105,263,250). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2026–2051)	\$ 602,935
Debt Service Tax Rate of \$0.71 on the 2025 Assessed Taxable Valuation	\$ 603,931
Debt Service Tax Rate of \$0.61 on the Estimated Taxable Valuation as of August 1, 2025	\$ 610,001
Maximum Annual Debt Service Requirement (2046)	\$ 699,219
Debt Service Tax Rate of \$0.83 on the 2025 Assessed Taxable Valuation	\$ 706,004
Debt Service Tax Rate of \$0.70 on the Estimated Taxable Valuation as of August 1, 2025	\$ 700,001

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Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2025 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

<u>Taxing Jurisdictions</u>	<u>2025 Tax Rate Per \$100 of A.V.</u>
The District	\$1.500000
Fort Bend ISD	1.056900
Fort Bend County	0.412000
Fort Bend County Drainage District	0.010000
Fort Bend County ESD No. 7	<u>0.984790</u>
Total Tax Rate	<u>\$3.077379</u>

Historical Tax Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100 (a)</u>	<u>Adjusted Levy</u>	<u>% of Collections Current Year</u>	<u>For the Current Year Ended July 31</u>	<u>% of Collections as of 09/30/2025</u>
2020	17,139,777	1.5000	257,097	100.00%	2021	100.00%
2021	28,631,844	1.5000	429,478	100.00%	2022	100.00%
2022	47,292,234	1.5000	709,384	100.00%	2023	100.00%
2023	65,925,666	1.5000	988,885	100.00%	2024	100.00%
2024	79,065,322	1.5000	1,185,980	100.00%	2025	100.00%
2025	89,537,631	1.5000	1,386,185	(b)	2026	(b)

(a) Tax rate per \$100 of taxable value. See "Tax Rate Distribution" below.

(b) In process of collections.

Tax Rate Distribution

<u>The District</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Utility System Debt Service	\$0.330	\$0.380	\$0.450	\$0.335	\$0.500
Road System Debt Service	\$0.230	\$0.280	\$0.090	\$0.150	\$0.000
Maintenance & Operations	<u>\$0.940</u>	<u>\$0.840</u>	<u>\$0.960</u>	<u>\$1.015</u>	<u>\$1.000</u>
Total	\$1.500	\$1.500	\$1.500	\$1.500	\$1.500

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Assessed Taxable Valuation Summary

The following represents the types of property comprising the District assessed taxable value for each of the 2021–2025 tax years.

Type of Property	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation	2021 Assessed Taxable Valuation
Land	\$ 30,982,649	\$ 28,304,108	\$ 16,274,399	\$ 7,993,710	\$ 5,436,950
Improvements	66,844,084	54,857,002	52,743,898	40,955,170	23,911,840
Personal Property	31,476	31,476	41,794	21,650	26,680
Exemptions	<u>(8,320,578)</u>	<u>(4,127,264)</u>	<u>(3,134,425)</u>	<u>(1,678,296)</u>	<u>(743,626)</u>
Total	\$ 89,537,631	\$ 79,065,322	\$ 65,925,666	\$ 47,292,234	\$ 28,631,844

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property as a percentage of the 2025 Taxable Assessed Valuation of \$89,537,631.

Taxpayer	Type of Property	Assessed Taxable Valuation 2025 Tax Roll	Percentage of 2025 Taxable Assessed Valuation
BGM Land Investments LTD (a)	Land	\$ 4,919,095	5.49%
Long Lake LTD (a)	Land & Improvement	1,798,084	2.01%
Woodmere Development Co LTD (a)	Land	1,421,596	1.59%
Homeowner	Land & Improvement	409,058	0.46%
Homeowner	Land & Improvement	401,507	0.45%
Homeowner	Land & Improvement	390,269	0.44%
Homeowner	Land & Improvement	390,111	0.44%
Homeowner	Land & Improvement	385,382	0.43%
Homeowner	Land & Improvement	384,139	0.43%
Homeowner	Land & Improvement	383,800	0.43%
Total		<u>\$ 10,883,041</u>	12.15%

% of Respective Tax Roll

(a) See “DEVELOPMENT OF THE DISTRICT” and “THE DEVELOPER.”

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for information under the subheadings “– Book-Entry-Only System” and “Use and Distribution of Proceeds of the Bonds”), “THE DISTRICT – Authority,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP, also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The

Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, 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 OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues 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 OID 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 (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID 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 OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the heading “DISTRICT DEBT” (except under the subheading “Estimated Direct and Overlapping Debt Statement”), “TAX DATA,” and “APPENDIX A” (Independent Auditor’s Report and Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to EMMA.

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

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

Event Notices

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

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement 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 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 Initial Purchaser 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 reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

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 Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's July 31, 2024, audited financial statements.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, the Road System and, in particular, that engineering information included in the sections entitled "THE DISTRICT - Description" 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.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notify the District in writing on or before such date that less than

all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 189 as of the date shown on the cover page hereof.

/s/ Diane McGuire
President, Board of Directors
Fort Bend County Municipal Utility District No. 189

ATTEST:

/s/ Chuck Bramlett
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 189

APPENDIX A

**Independent Auditor's Report and Financial Statements of the District
for the Fiscal Year Ended July 31, 2024**

Fort Bend County Municipal Utility District No. 189 Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

July 31, 2024



Fort Bend County Municipal Utility District No. 189
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July 31, 2024

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 189
Fort Bend County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 189 (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 accompanying financial statements 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, 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 budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

Houston, Texas
December 5, 2024

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 1,207,935	\$ 639,091
Capital assets	<u>12,258,434</u>	<u>12,658,529</u>
Total assets	<u>\$ 13,466,369</u>	<u>\$ 13,297,620</u>
Long-term liabilities	\$ 21,152,202	\$ 18,666,679
Other liabilities	<u>356,909</u>	<u>323,571</u>
Total liabilities	<u>21,509,111</u>	<u>18,990,250</u>
Net position:		
Net investment in capital assets	(3,869,187)	(3,371,392)
Restricted	459,667	261,322
Unrestricted	<u>(4,633,222)</u>	<u>(2,582,560)</u>
Total net position	<u>\$ (8,042,742)</u>	<u>\$ (5,692,630)</u>

The total net position of the District decreased by \$2,350,112, or about 41%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance and depreciation on the District's capital assets. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 986,365	\$ 715,728
Charges for services	282,122	217,741
Other revenues	<u>155,845</u>	<u>91,704</u>
Total revenues	<u>1,424,332</u>	<u>1,025,173</u>
Expenses:		
Services	975,556	1,084,842
Conveyance of capital assets	2,088,457	-
Purchase of capacity	5,288	23,160
Depreciation	354,643	345,362
Debt service	<u>350,500</u>	<u>188,729</u>
Total expenses	<u>3,774,444</u>	<u>1,642,093</u>
Change in net position	(2,350,112)	(616,920)
Net position, beginning of year	<u>(5,692,630)</u>	<u>(5,075,710)</u>
Net position, end of year	<u><u>\$ (8,042,742)</u></u>	<u><u>\$ (5,692,630)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended July 31, 2024, were \$1,113,410, an increase of \$715,237 from the prior year.

The general fund's fund balance increased by \$457,446, primarily due to property tax and service revenues and developer advances exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance increased by \$221,358 because property tax revenues and proceeds from the sale of the Series 2023 bonds exceeded bond principal and interest requirements.

The capital projects fund's fund balance increased by \$36,433, primarily due to proceeds from the sale of the Series 2023 bonds exceeding capital outlay expenditures, debt issuance costs and repayment of the Series 2022 bond anticipation note.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues and capital outlay expenditures being greater than anticipated, and purchased services and repairs and maintenance expenditures being less than anticipated. In

addition, developer advances and insurance proceeds received were not included in the budget. The fund balance as of July 31, 2024, was expected to be \$5,834 and the actual end-of-year fund balance was \$485,485.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 3,424,665	\$ 3,424,665
Construction in progress	-	248,879
Water facilities	2,652,300	2,656,331
Wastewater facilities	1,815,070	1,876,245
Drainage facilities	3,254,433	3,333,623
Recreational facilities	1,111,966	1,118,786
	<u>\$ 12,258,434</u>	<u>\$ 12,658,529</u>
Total capital assets		

During the current year, additions to capital assets were as follows:

Water supply plant and water well	\$ 114,734
Huntington Place, Section 2, Phase 2, walls	78,314
	<u>\$ 193,048</u>
Total additions to capital assets	

The developer within the District has constructed facilities on behalf of the District under the terms of the contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission, if required. As of July 31, 2024, a liability for developer-constructed capital assets of \$13,512,894 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended July 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 18,666,679
Increases in long-term debt	4,196,131
Decreases in long-term debt	1,710,608
	<u>\$ 21,152,202</u>
Long-term debt payable, end of year	

Since inception, the developer has advanced \$1,709,922 to the District for operations, net of repayments. These advances have been recorded as liabilities in the government-wide financial statements.

At July 31, 2024, the District had \$57,140,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding such bonds, \$4,700,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing

road and paving facilities and for refunding such bonds and \$5,000,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, purchasing, and improving park and recreational facilities and for refunding such bonds.

The District's bonds do not carry an underlying rating. The Series 2023 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Alvin

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Alvin (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately \$3,025,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On October 8, 2024, the District awarded the sale of its \$2,000,000 Unlimited Tax Road Bonds, Series 2024, at a net effective interest rate of approximately 4.342%. The Bonds were issued to repay the developer for road facilities constructed in the District.

Fort Bend County Municipal Utility District No. 189
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 34,904	\$ 7,387	\$ 36,989	\$ 79,280	\$ -	\$ 79,280
Short-term investments	471,871	585,205	-	1,057,076	-	1,057,076
Receivables:						
Property taxes	83	46	-	129	-	129
Service accounts	55,470	-	-	55,470	-	55,470
Interfund receivables	1,100	-	-	1,100	(1,100)	-
Prepaid expenditures	15,980	-	-	15,980	-	15,980
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	3,424,665	3,424,665
Infrastructure	-	-	-	-	7,721,803	7,721,803
Parks and recreation	-	-	-	-	1,111,966	1,111,966
Total assets	\$ 579,408	\$ 592,638	\$ 36,989	\$ 1,209,035	\$ 12,257,334	\$ 13,466,369
Liabilities						
Accounts payable	\$ 61,415	\$ -	\$ 556	\$ 61,971	\$ 176,261	\$ 238,232
Accrued interest payable	-	-	-	-	86,252	86,252
Customer deposits	32,425	-	-	32,425	-	32,425
Interfund payables	-	1,100	-	1,100	(1,100)	-
Long-term liabilities:						
Due within one year	-	-	-	-	150,000	150,000
Due after one year	-	-	-	-	21,002,202	21,002,202
Total liabilities	93,840	1,100	556	95,496	21,413,615	21,509,111
Deferred Inflows of Resources						
Deferred property tax revenues	83	46	-	129	(129)	-
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	15,980	-	-	15,980	(15,980)	-
Restricted:						
Unlimited tax bonds	-	461,061	-	461,061	(461,061)	-
Unlimited tax road bonds	-	130,431	-	130,431	(130,431)	-
Water, sewer and drainage	-	-	36,433	36,433	(36,433)	-
Assigned, future expenditures	100,944	-	-	100,944	(100,944)	-
Unassigned	368,561	-	-	368,561	(368,561)	-
Total fund balances	485,485	591,492	36,433	1,113,410	(1,113,410)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 579,408	\$ 592,638	\$ 36,989	\$ 1,209,035		
Net position:						
Net investment in capital assets					(3,869,187)	(3,869,187)
Restricted for debt service					459,455	459,455
Restricted for capital projects					212	212
Unrestricted					(4,633,222)	(4,633,222)
Total net position					\$ (8,042,742)	\$ (8,042,742)

Fort Bend County Municipal Utility District No. 189
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended July 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 631,099	\$ 355,137	\$ -	\$ 986,236	\$ 129	\$ 986,365
Water service	46,191	-	-	46,191	-	46,191
Sewer service	100,781	-	-	100,781	-	100,781
Regional water fee	135,150	-	-	135,150	-	135,150
Penalty and interest	8,085	1,725	-	9,810	-	9,810
Tap connection and inspection fees	64,635	-	-	64,635	-	64,635
Investment income	15,384	25,989	272	41,645	-	41,645
Other income	2,305	40	-	2,345	37,410	39,755
Total revenues	1,003,630	382,891	272	1,386,793	37,539	1,424,332
Expenditures/Expenses						
Service operations:						
Purchased services	7,206	-	-	7,206	176,261	183,467
Regional water fee	102,034	-	-	102,034	-	102,034
Professional fees	86,230	-	-	86,230	14,682	100,912
Contracted services	169,891	17,755	-	187,646	-	187,646
Utilities	20,574	-	-	20,574	-	20,574
Repairs and maintenance	111,488	-	-	111,488	103,211	214,699
Other expenditures	130,510	8,204	60	138,774	-	138,774
Tap connections	27,450	-	-	27,450	-	27,450
Capital outlay	103,211	-	605,873	709,084	(709,084)	-
Conveyance of capital assets	-	-	-	-	2,088,457	2,088,457
Purchase of capacity	-	-	-	-	5,288	5,288
Depreciation	-	-	-	-	354,643	354,643
Debt service:						
Principal retirement	-	75,000	1,115,000	1,190,000	(1,190,000)	-
Interest and fees	-	164,343	40,525	204,868	11,770	216,638
Debt issuance costs	-	-	133,862	133,862	-	133,862
Total expenditures/expenses	758,594	265,302	1,895,320	2,919,216	855,228	3,774,444
Excess (Deficiency) of Revenues Over Expenditures	245,036	117,589	(1,895,048)	(1,532,423)	(817,689)	
Other Financing Sources (Uses)						
Repayment of developer advances	-	-	(26,000)	(26,000)	26,000	
Developer advances	175,000	-	-	175,000	(175,000)	
General obligation bonds issued	-	103,769	2,021,231	2,125,000	(2,125,000)	
Discount on debt issued	-	-	(63,750)	(63,750)	63,750	
Insurance proceeds	37,410	-	-	37,410	(37,410)	
Total other financing sources	212,410	103,769	1,931,481	2,247,660	(2,247,660)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	457,446	221,358	36,433	715,237	(715,237)	
Change in Net Position					(2,350,112)	(2,350,112)
Fund Balances/Net Position						
Beginning of year	28,039	370,134	-	398,173	-	(5,692,630)
End of year	\$ 485,485	\$ 591,492	\$ 36,433	\$ 1,113,410	\$ -	\$ (8,042,742)

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Fort Bend County Municipal Utility District No. 189 (the District) was created by Senate Bill Number 1977 (the Bill) of the 80th Legislature of the State of Texas, effective May 22, 2007, in accordance with the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, parks and recreational and road and paving facilities.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-Wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt services

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended July 31, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended July 31, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	10-45

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

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

Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 12,258,434
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	129
Amounts due to others are not payable with current financial resources and are not reported in the funds.	(176,261)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(86,252)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(21,152,202)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (9,156,152)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 715,237
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense, conveyance of capital assets and noncapitalized costs exceeded capital outlay expenditures in the current period.	(1,857,197)
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	(149,000)
Governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	63,750
Governmental funds report proceeds from the sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(935,000)

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statements of activities.	\$ 129
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(188,031)</u>
Change in net position of governmental activities.	<u>\$ (2,350,112)</u>

Note 2. Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At July 31, 2024, none of the District’s bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than “A,” insured or collateralized certificates of deposit, and certain bankers’ acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District’s investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investments in Texas CLASS are reported at net asset value.

At July 31, 2024, the District had the following investments and maturities.

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 1,057,076	\$ 1,057,076	\$ -	\$ -	\$ -

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2024, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at July 31, 2024, as follows:

Carrying value:	
Deposits	\$ 79,280
Investments	1,057,076
Total	\$ 1,136,356

Investment Income

Investment income of \$41,645 for the year ended July 31, 2024, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of July 31, 2024:

- Pooled investments of \$1,057,076 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

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

Governmental Activities	Balances, Beginning of Year	Additions	Retirements/ Reclassifications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 3,424,665	\$ -	\$ -	\$ 3,424,665
Construction in progress	248,879	-	(248,879)	-
Total capital assets, non-depreciable	3,673,544	-	(248,879)	3,424,665

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Retirements/ Reclassifi- cations	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	\$ 4,170,780	\$ 114,734	\$ 10,379	\$ 4,295,893
Wastewater collection and treatment facilities	2,129,772	-	-	2,129,772
Drainage facilities	3,563,506	-	-	3,563,506
Recreational facilities	1,198,699	78,314	-	1,277,013
Total capital assets, depreciable	11,062,757	193,048	10,379	11,266,184
Less accumulated depreciation:				
Water production and distribution facilities	(1,514,449)	(129,144)	-	(1,643,593)
Wastewater collection and treatment facilities	(253,527)	(61,175)	-	(314,702)
Drainage facilities	(229,883)	(79,190)	-	(309,073)
Recreational facilities	(79,913)	(85,134)	-	(165,047)
Total accumulated depreciation	(2,077,772)	(354,643)	-	(2,432,415)
Total governmental activities, net	<u>\$ 12,658,529</u>	<u>\$ (161,595)</u>	<u>\$ (238,500)</u>	<u>\$ 12,258,434</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended July 31, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 4,035,000	\$ 2,125,000	\$ 75,000	\$ 6,085,000	\$ 150,000
Less discounts on bonds	95,235	63,750	3,371	155,614	-
	3,939,765	2,061,250	71,629	5,929,386	150,000
Bond anticipation notes	1,115,000	-	1,115,000	-	-
Due to developer, advances	1,560,922	175,000	26,000	1,709,922	-
Due to developer, construction	12,050,992	1,959,881	497,979	13,512,894	-
Total governmental activities long-term liabilities	<u>\$ 18,666,679</u>	<u>\$ 4,196,131</u>	<u>\$ 1,710,608</u>	<u>\$ 21,152,202</u>	<u>\$ 150,000</u>

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

General Obligation Bonds

	Series 2021	Road Series 2021A
Amounts outstanding, July 31, 2024	\$2,660,000	\$1,300,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2024/2046	September 1, 2024/2046
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2026	September 1, 2026
		Series 2023
Amount outstanding, July 31, 2024		\$2,125,000
Interest rates		4.00% to 6.50%
Maturity dates, serially beginning/ending		September 1, 2024/2048
Interest payment dates		September 1/ March 1
Callable date*		August 1, 2029

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at July 31, 2024:

Year	Principal	Interest	Total
2025	\$ 150,000	\$ 204,717	\$ 354,717
2026	165,000	199,768	364,768
2027	170,000	194,392	364,392
2028	180,000	188,755	368,755
2029	185,000	182,855	367,855
2030-2034	1,045,000	811,784	1,856,784
2035-2039	1,265,000	611,484	1,876,484
2040-2044	1,560,000	383,472	1,943,472
2045-2049	1,365,000	107,219	1,472,219
Total	<u>\$ 6,085,000</u>	<u>\$ 2,884,446</u>	<u>\$ 8,969,446</u>

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Water, sewer and drainage and refunding bonds voted	\$ 62,000,000
Water, sewer and drainage bonds sold	4,860,000
Road and refunding bonds voted	6,000,000
Road bonds sold	1,300,000
Park and recreational and refunding bonds voted	5,000,000

Due to Developer - Construction

The developer of the District has constructed facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission, if required, from the proceeds of bond sales. The District's engineer estimates reimbursable costs for completed projects are \$13,512,894. These amounts have been recorded in the financial statements as long-term liabilities.

Due to Developer - Advances

The developer of the District has advanced \$1,709,922 to the District for operating expenses, net of repayments. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5. Significant Bond Resolutions and Commission Requirements

- (A) The Series 2021 and Series 2023 Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.4500 per \$100 of assessed valuation, which resulted in a tax levy of \$296,666 on the taxable valuation of \$65,925,666 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$289,183 of which \$92,618 has been paid and \$196,565 is due September 1, 2024.
- (B) The Series 2021A Road Bond Resolution requires that the District levy and collect an ad valorem road debt service tax sufficient to pay principal and interest on the road bonds when due. During the year ended July 31, 2024, the District levied an ad valorem road debt service tax at the rate of \$0.0900 per \$100 of assessed valuation for road debt service, which resulted in a tax levy of \$59,333 on the taxable valuation of \$65,925,666 for the 2023 tax year. The interest requirements to be paid from the tax revenues and available resources are \$73,875 of which \$16,938 has been paid and \$56,937 is due September 1, 2024.
- (C) In accordance with the Road Series 2021A and Series 2023 Bond Resolutions, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Fort Bend County Municipal Utility District No. 189
Notes to Financial Statements
July 31, 2024

Bond interest reserve, beginning of year		\$	26,159
Additions--Interest appropriated from bond proceeds, Series 2023			103,769
Deductions--Appropriation from bond interest paid: Series 2021A	\$	26,159	
Series 2023		57,938	84,097
Bond interest reserve, end of year		\$	<u>45,831</u>

Note 6. Maintenance Taxes

At an election held November 6, 2007, voters authorized a general operations and maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.9600 per \$100 of assessed valuation, which resulted in a tax levy of \$632,886 on the taxable valuation of \$65,925,666 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held November 6, 2018, voters authorized a road facilities maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2024, the District did not levy an ad valorem road facilities maintenance tax.

Note 7. Regional Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which regulates groundwater withdrawal. As of July 31, 2024, the Authority was billing the District \$4.55 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 9. Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately \$3,025,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10. Wastewater Treatment Facilities Cost Sharing Agreement

On April 5, 2018, the District entered into a wastewater treatment facilities cost sharing agreement with Fort Bend County Municipal Utility District No. 131 (District No. 131). Under the terms of the agreement, the District agreed to share in the expansion of the wastewater treatment plant to provide an additional 240,000 gallons of capacity. Upon completion of the project, which occurred in a prior year, the District's ownership of the wastewater treatment plant is 36.43%. During the current year the District's share of operating expenditures was \$183,467.

Note 11. Subsequent Event

On October 8, 2024, the District awarded the sale of its \$2,000,000 Unlimited Tax Road Bonds, Series 2024, at a net effective interest rate of approximately 4.342%. The Bonds were issued to repay the developer for road facilities constructed in the District.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 189
Budgetary Comparison Schedule – General Fund
Year Ended July 31, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 593,400	\$ 631,099	\$ 37,699
Water service	32,600	46,191	13,591
Sewer service	93,700	100,781	7,081
Regional water fee	118,200	135,150	16,950
Penalty and interest	6,400	8,085	1,685
Tap connection and inspection fees	46,700	64,635	17,935
Investment income	14,800	15,384	584
Other income	2,100	2,305	205
Total revenues	907,900	1,003,630	95,730
Expenditures			
Service operations:			
Purchased services	174,260	7,206	167,054
Regional water fee	117,000	102,034	14,966
Professional fees	76,500	86,230	(9,730)
Contracted services	186,800	169,891	16,909
Utilities	23,500	20,574	2,926
Repairs and maintenance	181,620	111,488	70,132
Other expenditures	107,425	130,510	(23,085)
Tap connections	23,000	27,450	(4,450)
Capital outlay	40,000	103,211	(63,211)
Total expenditures	930,105	758,594	171,511
Excess (Deficiency) of Revenues Over Expenditures	(22,205)	245,036	267,241
Other Financing Sources			
Developer advances	-	175,000	175,000
Insurance proceeds	-	37,410	37,410
Total other financing sources	-	212,410	212,410
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(22,205)	457,446	479,651
Fund Balance, Beginning of Year	28,039	28,039	-
Fund Balance, End of Year	\$ 5,834	\$ 485,485	\$ 479,651

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

Fort Bend County Municipal Utility District No. 189
Other Schedules Included Within This Report
July 31, 2024

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 10-21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and
Debt Service Fund
- [X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 189
Schedule of Services and Rates
Year Ended July 31, 2024

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>	
Water:	\$ 13.50	6,000	N	\$ 1.25	6,001 to	10,000
				\$ 1.50	10,001 to	15,000
				\$ 1.75	15,001 to	20,000
				\$ 2.00	20,001 to	No Limit
Wastewater:	\$ 39.00	0	Y			
Regional water fee:	\$ 5.01	1,000	N	\$ 5.01	1,001 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes ☐	No ☒
Total charges per 10,000 gallons usage (including fees):				Water \$ 68.60	Wastewater \$ 39.00	

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	250	249	x1.0	249
1"	1	1	x2.5	3
1 1/2"	-	-	x5.0	-
2"	4	4	x8.0	32
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	256	255		299
Total wastewater	250	249	x1.0	249

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	27,766
Gallons billed to customers:	26,995
Water accountability ratio (gallons billed/gallons pumped):	97.22%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 189
Schedule of General Fund Expenditures
Year Ended July 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	16,400	
Legal		50,645	
Engineering		19,185	
Financial advisor		-	86,230
Purchased Services for Resale			
Bulk water and wastewater service purchases			7,206
Regional Water Fee			102,034
Contracted Services			
Bookkeeping		52,991	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		41,097	94,088
Utilities			20,574
Repairs and Maintenance			111,488
Administrative Expenditures			
Directors' fees		15,912	
Office supplies		3,854	
Insurance		14,125	
Other administrative expenditures		96,619	130,510
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		103,211	103,211
Tap Connection Expenditures			27,450
Solid Waste Disposal			75,803
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u>758,594</u>

Fort Bend County Municipal Utility District No. 189
Schedule of Temporary Investments
July 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Texas CLASS	5.44%	Demand	\$ 471,871	\$ -
Debt Service Fund				
Texas CLASS	5.44%	Demand	454,774	-
Texas CLASS	5.44%	Demand	130,431	-
			585,205	-
Totals			\$ 1,057,076	\$ -

Fort Bend County Municipal Utility District No. 189
Analysis of Taxes Levied and Receivable
Year Ended July 31, 2024

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ -	\$ -	\$ -
Additions and corrections to prior years' taxes	(1,704)	(252)	(564)
Adjusted receivable, beginning of year	(1,704)	(252)	(564)
2023 Original Tax Levy	636,806	59,700	298,503
Additions and corrections	(3,920)	(367)	(1,837)
Adjusted tax levy	632,886	59,333	296,666
Total to be accounted for	631,182	59,081	296,102
Tax (collections) repayments: Current year	(632,803)	(59,325)	(296,628)
Prior years	1,704	252	564
Receivable, end of year	<u>\$ 83</u>	<u>\$ 8</u>	<u>\$ 38</u>
Receivable, by Years			
2023	<u>\$ 83</u>	<u>\$ 8</u>	<u>\$ 38</u>

Fort Bend County Municipal Utility District No. 189
Analysis of Taxes Levied and Receivable
Year Ended July 31, 2024

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 16,274,399	\$ 7,993,710	\$ 5,182,020	\$ 4,731,830
Improvements	52,743,898	41,070,890	23,911,830	12,685,330
Personal property	41,794	21,650	26,680	26,680
Exemptions	<u>(3,134,425)</u>	<u>(1,626,008)</u>	<u>(743,626)</u>	<u>(299,063)</u>
Total property valuations	<u>\$ 65,925,666</u>	<u>\$ 47,460,242</u>	<u>\$ 28,376,904</u>	<u>\$ 17,144,777</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.4500	\$ 0.3350	\$ 0.5000	\$ -
Road debt tax rates	0.0900	0.1500	-	-
Maintenance tax rates*	<u>0.9600</u>	<u>1.0150</u>	<u>1.0000</u>	<u>1.5000</u>
Total tax rates per \$100 valuation	<u>\$ 1.5000</u>	<u>\$ 1.5000</u>	<u>\$ 1.5000</u>	<u>\$ 1.5000</u>
Tax Levy	<u>\$ 988,885</u>	<u>\$ 711,903</u>	<u>\$ 425,654</u>	<u>\$ 257,172</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on November 6, 2007

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

Fort Bend County Municipal Utility District No. 189
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

Due During Fiscal Years Ending July 31	Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 75,000	\$ 68,611	\$ 143,611
2026	80,000	67,062	147,062
2027	80,000	65,461	145,461
2028	85,000	63,811	148,811
2029	90,000	62,061	152,061
2030	90,000	60,171	150,171
2031	95,000	58,113	153,113
2032	100,000	55,856	155,856
2033	100,000	53,419	153,419
2034	105,000	50,856	155,856
2035	110,000	48,169	158,169
2036	110,000	45,419	155,419
2037	115,000	42,606	157,606
2038	120,000	39,594	159,594
2039	125,000	36,378	161,378
2040	130,000	32,950	162,950
2041	135,000	29,306	164,306
2042	140,000	25,350	165,350
2043	145,000	21,075	166,075
2044	150,000	16,650	166,650
2045	155,000	12,075	167,075
2046	160,000	7,350	167,350
2047	165,000	2,475	167,475
Totals	<u>\$ 2,660,000</u>	<u>\$ 964,818</u>	<u>\$ 3,624,818</u>

Fort Bend County Municipal Utility District No. 189
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

(Continued)

Due During Fiscal Years Ending July 31	Road Series 2021A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 40,000	\$ 33,475	\$ 73,475
2026	40,000	32,675	72,675
2027	45,000	31,825	76,825
2028	45,000	30,925	75,925
2029	45,000	30,025	75,025
2030	45,000	29,125	74,125
2031	50,000	28,175	78,175
2032	50,000	27,144	77,144
2033	50,000	26,050	76,050
2034	50,000	24,925	74,925
2035	55,000	23,675	78,675
2036	55,000	22,300	77,300
2037	55,000	20,856	75,856
2038	60,000	19,275	79,275
2039	60,000	17,550	77,550
2040	65,000	15,675	80,675
2041	65,000	13,725	78,725
2042	65,000	11,775	76,775
2043	70,000	9,750	79,750
2044	70,000	7,650	77,650
2045	70,000	5,550	75,550
2046	75,000	3,375	78,375
2047	75,000	1,125	76,125
Totals	<u>\$ 1,300,000</u>	<u>\$ 466,625</u>	<u>\$ 1,766,625</u>

Fort Bend County Municipal Utility District No. 189
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

(Continued)

Due During Fiscal Years Ending July 31	Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 35,000	\$ 102,631	\$ 137,631
2026	45,000	100,031	145,031
2027	45,000	97,106	142,106
2028	50,000	94,019	144,019
2029	50,000	90,769	140,769
2030	55,000	87,356	142,356
2031	60,000	83,619	143,619
2032	60,000	79,719	139,719
2033	65,000	75,737	140,737
2034	70,000	71,519	141,519
2035	70,000	67,144	137,144
2036	75,000	62,612	137,612
2037	80,000	58,669	138,669
2038	85,000	55,368	140,368
2039	90,000	51,869	141,869
2040	95,000	48,169	143,169
2041	100,000	44,269	144,269
2042	105,000	40,169	145,169
2043	110,000	35,800	145,800
2044	115,000	31,159	146,159
2045	120,000	26,238	146,238
2046	125,000	21,031	146,031
2047	135,000	15,422	150,422
2048	140,000	9,406	149,406
2049	145,000	3,172	148,172
Totals	<u>\$ 2,125,000</u>	<u>\$ 1,453,003</u>	<u>\$ 3,578,003</u>

Fort Bend County Municipal Utility District No. 189
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

(Continued)

Due During Fiscal Years Ending July 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 150,000	\$ 204,717	\$ 354,717
2026	165,000	199,768	364,768
2027	170,000	194,392	364,392
2028	180,000	188,755	368,755
2029	185,000	182,855	367,855
2030	190,000	176,652	366,652
2031	205,000	169,907	374,907
2032	210,000	162,719	372,719
2033	215,000	155,206	370,206
2034	225,000	147,300	372,300
2035	235,000	138,988	373,988
2036	240,000	130,331	370,331
2037	250,000	122,131	372,131
2038	265,000	114,237	379,237
2039	275,000	105,797	380,797
2040	290,000	96,794	386,794
2041	300,000	87,300	387,300
2042	310,000	77,294	387,294
2043	325,000	66,625	391,625
2044	335,000	55,459	390,459
2045	345,000	43,863	388,863
2046	360,000	31,756	391,756
2047	375,000	19,022	394,022
2048	140,000	9,406	149,406
2049	145,000	3,172	148,172
Totals	<u>\$ 6,085,000</u>	<u>\$ 2,884,446</u>	<u>\$ 8,969,446</u>

Fort Bend County Municipal Utility District No. 189
Changes in Long-Term Bonded Debt
Year Ended July 31, 2024

	Bond Issues			Totals
	Series 2021	Road Series 2021A	Series 2023	
Interest rates	2.00% to 3.00%	2.00% to 3.00%	4.00% to 6.50%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2024/2046	September 1, 2024/2046	September 1, 2024/2048	
Bonds outstanding, beginning of current year	\$ 2,735,000	\$ 1,300,000	\$ -	\$ 4,035,000
Bonds sold during current year	-	-	2,125,000	2,125,000
Retirements, principal	75,000	-	-	75,000
Bonds outstanding, end of current year	<u>\$ 2,660,000</u>	<u>\$ 1,300,000</u>	<u>\$ 2,125,000</u>	<u>\$ 6,085,000</u>
Interest paid during current year	<u>\$ 70,111</u>	<u>\$ 33,875</u>	<u>\$ 57,938</u>	<u>\$ 161,924</u>
Paying agent's name and address:				
Series 2021 - Regions Bank, N.A., Houston, Texas				
Series 2021A - Regions Bank, N.A., Houston, Texas				
Series 2023 - Regions Bank, N.A., Houston, Texas				
Bond authority:				
	Tax and Refunding Bonds	Park and Refunding Bonds	Road and Refunding Bonds	
Amount authorized by voters	\$ 62,000,000	\$ 5,000,000	\$ 6,000,000	
Amount issued	\$ 4,860,000	\$ -	\$ 1,300,000	
Remaining to be issued	<u>\$ 57,140,000</u>	<u>\$ 5,000,000</u>	<u>\$ 4,700,000</u>	
Debt service fund cash and temporary investment balances as of July 31, 2024:				<u>\$ 592,592</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:				<u>\$ 358,778</u>

Fort Bend County Municipal Utility District No. 189
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended July 31,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 631,099	\$ 486,047	\$ 281,993	\$ 257,172	\$ 70,220
Water service	46,191	29,218	21,600	15,846	9,551
Sewer service	100,781	80,491	61,812	45,078	24,655
Regional water fee	135,150	108,032	91,942	69,452	45,392
Penalty and interest	8,085	6,008	4,532	3,802	689
Tap connection and inspection fees	64,635	59,048	100,436	64,475	63,240
Investment income	15,384	8,046	434	83	50
Other income	2,305	1,830	1,335	1,397	1,590
Total revenues	1,003,630	778,720	564,084	457,305	215,387
Expenditures					
Service operations:					
Purchased services	7,206	168,140	101,508	62,056	120,530
Regional water fee	102,034	95,591	51,905	72,114	43,374
Professional fees	86,230	86,026	90,792	95,658	128,190
Contracted services	169,891	138,350	110,330	86,866	72,296
Utilities	20,574	18,572	21,105	18,790	20,392
Repairs and maintenance	111,488	148,752	151,660	129,293	127,580
Other expenditures	130,510	83,894	67,877	54,977	42,597
Tap connections	27,450	24,135	59,010	21,780	26,420
Capital outlay	103,211	264,964	14,905	30,171	35,797
Debt service, debt issuance costs	-	38,289	-	34,986	-
Total expenditures	758,594	1,066,713	669,092	606,691	617,176
Excess (Deficiency) of Revenues Over Expenditures	245,036	(287,993)	(105,008)	(149,386)	(401,789)
Other Financing Sources					
Interfund transfers in	-	-	34,949	-	-
Developer advances	175,000	265,000	130,830	282,000	277,000
Insurance proceeds	37,410	-	-	-	-
Total other financing sources	212,410	265,000	165,779	282,000	277,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	457,446	(22,993)	60,771	132,614	(124,789)
Fund Balance (Deficit), Beginning of Year	28,039	51,032	(9,739)	(142,353)	(17,564)
Fund Balance (Deficit), End of Year	\$ 485,485	\$ 28,039	\$ 51,032	\$ (9,739)	\$ (142,353)
Total Active Retail Water Connections	255	215	183	138	97
Total Active Retail Wastewater Connections	249	210	179	135	94

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
62.9 %	62.4 %	50.0 %	56.2 %	32.6 %
4.6	3.8	3.8	3.5	4.4
10.0	10.3	11.0	9.9	11.4
13.5	13.9	16.3	15.2	21.2
0.8	0.8	0.8	0.8	0.3
6.5	7.6	17.8	14.1	29.4
1.5	1.0	0.1	0.0	0.0
0.2	0.2	0.2	0.3	0.7
100.0	100.0	100.0	100.0	100.0
0.7	21.6	9.2	13.6	55.9
10.2	12.3	18.0	15.8	20.1
8.6	11.0	16.1	20.9	59.5
16.9	17.8	19.6	19.0	33.6
2.1	2.4	3.7	4.1	9.5
11.1	19.1	26.9	28.3	59.2
13.0	10.8	12.0	12.0	19.8
2.7	3.1	10.5	4.8	12.3
10.3	34.0	2.6	6.6	16.6
-	4.9	-	7.6	-
75.6	137.0	118.6	132.7	286.5
24.4 %	(37.0) %	(18.6) %	(32.7) %	(186.5) %

Fort Bend County Municipal Utility District No. 189
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Three Years Ended July 31,

	Amounts		
	2024	2023	2022
Debt Service Fund			
Revenues			
Property taxes	\$ 355,137	\$ 232,345	\$ 140,997
Penalty and interest	1,725	3,719	3,300
Investment income	25,989	12,934	943
Other income	40	-	10
Total revenues	<u>382,891</u>	<u>248,998</u>	<u>145,250</u>
Expenditures			
Current:			
Contracted services	17,755	15,108	11,796
Other expenditures	8,204	8,977	6,856
Debt Service:			
Principal retirement	75,000	-	-
Interest and fees	<u>164,343</u>	<u>106,349</u>	<u>49,070</u>
Total expenditures	<u>265,302</u>	<u>130,434</u>	<u>67,722</u>
Excess of Revenues Over Expenditures	117,589	118,564	77,528
Other Financing Sources			
General obligation bonds issued	<u>103,769</u>	<u>-</u>	<u>174,042</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	221,358	118,564	251,570
Fund Balance, Beginning of Year	<u>370,134</u>	<u>251,570</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 591,492</u></u>	<u><u>\$ 370,134</u></u>	<u><u>251,570</u></u>

Percent of Fund Total Revenues		
2024	2023	2022
92.8 %	93.3 %	97.1 %
0.4	1.5	2.3
6.8	5.2	0.6
0.0	-	0.0
100.0	100.0	100.0
4.6	6.1	6.6
2.2	3.6	6.2
19.6	-	-
42.9	42.7	33.8
69.3	52.4	46.6
30.7 %	47.6 %	53.4 %

Fort Bend County Municipal Utility District No. 189
Board Members, Key Personnel and Consultants
Year Ended July 31, 2024

Complete District mailing address:	Fort Bend County Municipal Utility District No. 189 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	September 12, 2023
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Diane McGuire	Elected 05/22- 05/26	\$ 2,652	\$ 231	President
Alan Greenwood	Elected 05/24- 05/28	1,989	304	Vice President
Charles Bramlett	Elected 05/22- 05/26	2,431	317	Secretary
Scipio Spinks	Appointed 09/23- 05/26	6,630	1,020	Assistant Vice President
Gary Watt	Elected 05/24- 05/28	2,210	262	Assistant Secretary
Howard Moon	Elected 05/22- 09/23	-	-	Resigned

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

Fort Bend County Municipal Utility District No. 189
Board Members, Key Personnel and Consultants
Year Ended July 31, 2024

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/23/07	\$ 63,141 65,976	General Counsel Bond Counsel
Fort Bend Central Appraisal District	Legislative Action	6,755	Appraiser
Forvis Mazars, LLP	07/11/19	25,400	Auditor
LJA Engineering, Inc.	08/21/07	19,185	Engineer
Municipal Accounts & Consulting, L.P.	08/21/07	59,493	Bookkeeper
Municipal District Services, LLC	06/25/12	269,168	Operator
Robert W. Baird & Co. Incorporated	01/04/18	47,719	Financial Advisor
Tax Tech, Inc.	01/09/08	19,204	Tax Assessor/ Collector
Investment Officers			
Mark Burton and Ghia Lewis	08/21/07	N/A	Bookkeepers

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)