

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 13, 2025

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

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 WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Underlying Rating: Moody’s “A2”
See “MUNICIPAL BOND RATING AND
MUNICIPAL BOND INSURANCE” herein.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

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

\$6,205,000
UNLIMITED TAX BONDS
SERIES 2025

\$2,000,000
UNLIMITED TAX PARK BONDS
SERIES 2025A

The \$6,205,000 Unlimited Tax Bonds, Series 2025 (the “Series 2025 Bonds”) and the \$2,000,000 Unlimited Tax Park Bonds, Series 2025A (the “Series 2025A Park Bonds”) and, together with the Series 2025 Bonds, the “Bonds”) are obligations solely of Fort Bend County Municipal Utility District No. 146 (the “District”) and are not obligations of the State of Texas, Fort Bend County, the City of Houston, or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

Dated Date: December 1, 2025

Due: March 1, as shown on the inside cover

Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially U.S. Bank Trust Company, National Association, Houston, Texas (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of delivery (expected on or about December 9, 2025) (the “Date of Delivery”), and is payable each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown herein.

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. See “BOOK-ENTRY-ONLY SYSTEM.”

See “MATURITY SCHEDULES” on the inside cover

The Bonds are offered by the Underwriters subject to prior sale, when, as and if issued by the District and accepted by the Underwriters, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.” Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 9, 2025.

Bids Due: Monday, November 10, 2025, at 10:30 A.M., Houston Time in Houston, Texas
Bid Award: Monday, November 10, 2025, at 5:00 P.M., Houston Time in Houston, Texas

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

MATURITY SCHEDULES

\$6,205,000 Series 2025 Bonds

<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (c)</u>	<u>CUSIP</u> <u>Number (d)</u>	<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (c)</u>	<u>CUSIP</u> <u>Number (d)</u>
2032	\$ 520,000 (b)				2038	\$ 515,000 (b)			
2033	520,000 (b)				2039	515,000 (b)			
2034	520,000 (b)				2040	515,000 (b)			
2035	520,000 (b)				2041	515,000 (b)			
2036	520,000 (b)				2042	515,000 (b)			
2037	515,000 (b)				2043	515,000 (b)			

\$2,000,000 Series 2025A Park Bonds

<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (c)</u>	<u>CUSIP</u> <u>Number (d)</u>	<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (c)</u>	<u>CUSIP</u> <u>Number (d)</u>
2026	\$ 110,000				2035	\$ 110,000 (b)			
2027	115,000				2036	110,000 (b)			
2028	115,000				2037	110,000 (b)			
2029	115,000				2038	110,000 (b)			
2030	115,000				2039	110,000 (b)			
2031	110,000				2040	110,000 (b)			
2032	110,000 (b)				2041	110,000 (b)			
2033	110,000 (b)				2042	110,000 (b)			
2034	110,000 (b)				2043	110,000 (b)			

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

TABLE OF CONTENTS

MATURITY SCHEDULES.....	2	TAX DATA.....	30
USE OF INFORMATION IN OFFICIAL STATEMENT.....	4	Debt Service Tax	30
SALE AND DISTRIBUTION OF THE BONDS	5	Maintenance and Operations Tax	30
Award of the Bonds	5	Historical Tax Rate Distribution	30
Prices and Marketability	5	Exemptions	30
Securities Laws	5	Additional Penalties.....	30
OFFICIAL STATEMENT SUMMARY.....	6	Historical Tax Collections	30
SELECTED FINANCIAL INFORMATION (UNAUDITED) ...	9	Tax Roll Information	31
THE BONDS.....	10	Principal Taxpayers	31
Description	10	Tax Adequacy for Debt Service.....	32
Method of Payment of Principal and Interest.....	10	TAXING PROCEDURES	32
Source of Payment	11	Authority to Levy Taxes.....	32
Funds.....	11	Property Tax Code and County-Wide Appraisal District.....	32
Redemption Provisions	11	Property Subject to Taxation by the District.....	32
Authority for Issuance.....	11	Tax Abatement.....	33
Registration and Transfer	12	Valuation of Property for Taxation.....	34
Lost, Stolen or Destroyed Bonds.....	12	District and Taxpayer Remedies	34
Replacement of Paying Agent/Registrar	12	Levy and Collection of Taxes	34
Issuance of Additional Debt.....	13	Tax Payment Installments After Disaster.....	35
Annexation by the City of Houston.....	13	Rollback of Operation and Maintenance Tax Rate	35
Strategic Partnership Agreement.....	13	District's Rights in the Event of Tax Delinquencies.....	36
Consolidation	14	INVESTMENT CONSIDERATIONS.....	36
No Arbitrage	14	General	36
Remedies in Event of Default	14	Possible Impact on District Tax Rates	37
Legal Investment and Eligibility to Secure Public Funds		Potential Effects of Oil Price Volatility on the Houston Area....	37
in Texas	14	Extreme Weather Events.....	37
Defeasance	15	Specific Flood Type Risks.....	37
BOOK-ENTRY-ONLY SYSTEM.....	15	Environmental Regulations.....	38
USE AND DISTRIBUTION OF BOND PROCEEDS.....	17	Tax Collections Limitations and Foreclosure Remedies	39
LONG MEADOW FARMS.....	19	Registered Owners' Remedies and Bankruptcy Limitations.....	40
THE DISTRICT	19	Future Debt	40
General.....	19	Marketability of the Bonds	41
Description and Location	19	Changes in Tax Legislation	41
Land Use.....	20	Continuing Compliance with Certain Covenants.....	41
Status of Development	21	Risk Factors Related to the Purchase of Municipal Bond	
THE DEVELOPER.....	21	Insurance	41
Role of a Developer	21	Certain Tax Exemption Provided for Affordable Housing	41
Meritage Homes of Texas Holding, Inc.	21	MUNICIPAL BOND RATING AND MUNICIPAL BOND	
Obligations of the Developer	21	INSURANCE	42
MANAGEMENT OF THE DISTRICT	22	LEGAL MATTERS	42
Board of Directors.....	22	Legal Proceedings.....	42
District Consultants.....	22	No Material Adverse Change.....	43
THE SYSTEM	23	No-Litigation Certificate.....	43
Regulation	23	TAX MATTERS.....	43
Water Supply	23	Tax Exemption.....	43
Subsidence and Conversion to Surface Water Supply	23	Qualified Tax-Exempt Obligations.....	44
Wastewater Treatment	24	Additional Federal Income Tax Considerations.....	44
Water Distribution, Wastewater Collection and Storm		Tax Legislative Changes.....	45
Drainage Facilities.....	24	PREPARATION OF OFFICIAL STATEMENT	46
100-Year Flood Plain	24	Sources and Compilation of Information	46
Atlas 14.....	25	Financial Advisor.....	46
Water and Wastewater Operations	25	Consultants	46
FINANCIAL INFORMATION CONCERNING THE		Updating the Official Statement	46
DISTRICT (UNAUDITED)	26	Certification of Official Statement.....	46
Investments of the District	26	CONTINUING DISCLOSURE OF INFORMATION.....	47
Outstanding Debt	27	Annual Reports	47
Debt Service Requirements.....	28	Event Notices.....	47
Estimated Overlapping Debt	29	Availability of Information from the MSRB.....	48
Overlapping Taxes	29	Limitations and Amendments.....	48
		Compliance With Prior Undertakings	48
		MISCELLANEOUS.....	48
		AERIAL LOCATION MAP	
		PHOTOGRAPHS OF THE DISTRICT	
		APPENDIX A—Independent Auditor's Report and Financial	
		Statements of the District for the fiscal year ended	
		December 31, 2024	

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an OFFICIAL STATEMENT with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, for further information.

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2025 Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Series 2025 Bond Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of _____% of the par value thereof which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2025A Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Series 2025A Park Bond Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of _____% of the par value thereof which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2025 Bond Underwriter and the Series 2025A Park Bond Underwriter shall be referred to herein collectively as the "Underwriters."

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

<i>Description...</i>	The District is a political subdivision of the State of Texas, created by order of the Texas Commission on Environmental Quality (“TCEQ”), on February 18, 2004, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. At the time of creation, the District contained approximately 395 acres of land. Subsequent to creation, the District annexed approximately 487 acres, which brings the total District acreage to approximately 882 acres. See “THE DISTRICT.”
<i>Location...</i>	The District is located approximately 23 miles southwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston. The majority of the District is within the boundaries of the Lamar Consolidated Independent School District and a small portion is within the Fort Bend Independent School District. The District is bounded on the east and north by Texas State Highway 99 (the “Grand Parkway”) and on the west and south by Skinner Lane. See “THE DISTRICT.” See “THE DISTRICT” and “AERIAL PHOTOGRAPH.”
<i>Status of Development...</i>	The District has been developed as part of a master-planned community, Long Meadow Farms, with 1,862 single-family residential lots on approximately 662 acres (1,856 occupied, 6 unoccupied). For 2025, the average home value is \$474,577. Water, sewer and drainage facilities are complete for approximately 38 acres of commercial tracts within the District where two medical office buildings with urgent care facilities, a Montessori school, the Goddard School (a children’s daycare center), two auto care businesses, an Exclusive Furniture retail business and 3 retail centers that include a Starbucks, a cupcake shop, two nail salons, a Papa John’s Pizza, a dentist office, a dialysis center, a Sherwin Williams paint store, a flooring store, an Avis/Budget rental facility, a barbecue restaurant, an Italian restaurant, a Farmers Insurance, a Smoothie King, a hair salon, a beauty supply store, a pet grooming facility, a barber shop, a sports bar, a pizzeria, a Fidelity Investments and a fitness gym have been constructed, with the remainder available for tenants. In addition, a 210-unit apartment complex has been constructed on approximately 9 acres in the District. An elementary school has been constructed on approximately 15 acres in the District. In addition, approximately 16 acres are developable but not served with utilities and approximately 142 acres are not developable (rights-of-way, detention, open spaces, easements and utility sites). See “THE DISTRICT.”
<i>The Developer...</i>	Meritage Homes of Texas Holding, Inc., an Arizona corporation (“Meritage”), has developed approximately 39 acres within the District as Creekside Farms, Sections One and Two (166 single-family residential lots). Meritage was the sole builder in such sections and owns no remaining land in the District. Meritage is a wholly-owned subsidiary of Meritage Homes Corporation, a Maryland corporation whose common stock is listed on the New York Stock Exchange under the ticker symbol MTH. Meritage is referred to herein as the “Developer.” See “THE DEVELOPER.”
<i>Payment Record...</i>	The District has issued \$59,675,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in fourteen series, \$33,540,000 principal amount of unlimited tax refunding bonds for refunding outstanding bonds in six series and \$6,415,000 principal amount of unlimited tax bonds for park and recreational facilities in three series, \$34,450,000 of which collectively remains outstanding as of October 1, 2025 (the “Outstanding Bonds”). The District has never defaulted on its debt obligations. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Debt.”

THE BONDS

<i>Description...</i>	The \$6,205,000 Unlimited Tax Bonds, Series 2025 (the “Series 2025 Bonds”) and the \$2,000,000 Unlimited Tax Park Bonds, Series 2025A (the “Series 2025A Park Bonds” and, together with the Series 2025 Bonds, the “Bonds”) are being issued as fully registered bonds pursuant to separate resolutions (the “Bond Resolutions”) adopted by the District’s Board of Directors (the “Board”). The Series 2025 Bonds are scheduled to mature serially on March 1 in each of the years 2032 through 2043, inclusive, in the principal amounts and accruing interest at the rates shown on the inside cover page hereof. The Series 2025A Park Bonds are scheduled to mature serially on March 1 in each of the years 2026 through 2043, inclusive, in the principal amounts and accruing interest at the rates shown on the inside cover page hereof. Interest on the Bonds accrues from the Date of Delivery and is payable March 1, 2026, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series and maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	The Bonds are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on March 1, 2031, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds for the Series 2025 Bonds...</i>	Proceeds of the Series 2025 Bonds will be used to pay for the construction costs and fees shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Series 2025 Bond proceeds will be used to pay interest on funds advanced by the Developer, to pay land acquisition costs, to pay administrative costs and certain other costs and engineering fees related to the issuance of the Series 2025 Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025 Bonds.”
<i>Use of Proceeds for the Series 2025A Park Bonds...</i>	Proceeds of the Series 2025A Park Bonds will be used to pay for the construction costs and fees shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, the Series 2025A Park Bond proceeds will be used to pay interest on funds advanced by the Developer, to pay administrative costs and certain other costs and engineering fees related to the issuance of the Series 2025A Park Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025A Park Bonds.”
<i>Authority for Issuance...</i>	The Series 2025 Bonds are the fifteenth series of bonds issued out of an aggregate of \$126,000,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sewer and drainage facilities. The Series 2025A Park Bonds are the fourth series of bonds issued out of an aggregate of \$10,200,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing park and recreational facilities. The Series 2025 Bonds and Series 2025A Park Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Resolutions, bond elections held in the District, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8317 of the Special District Local Laws Code and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem taxes levied, without legal limitation as to rate or amount, against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Fort Bend County, the State of Texas or any entity other than the District. See “THE BONDS—Source of Payment.”

<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	Application has been made to Moody's Investors Service ("Moody's") for an underlying rating on the Bonds, and Moody's has assigned an underlying rating of "A2" to the Bonds. Application has also been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter at the Underwriter's expense. The rating fee of Moody's will be paid for by the District; payment of any other rating fee will be the responsibility of the Underwriter. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS" and "TAX MATTERS."
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton, L.L.P., Houston, Texas.
<i>Paying Agent/Registrar...</i>	U.S. Bank Trust Company, National Association, Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$988,942,069	(a)
Estimated Taxable Assessed Valuation as of August 15, 2025	\$995,688,448	(b)
Gross Direct Debt Outstanding	\$ 42,655,000	(c)
Estimated Overlapping Debt	80,940,031	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$123,595,031	
Ratios of Gross Direct Debt to:		
2025 Taxable Assessed Valuation.....	4.31%	
Estimated Taxable Assessed Valuation as of August 15, 2025.....	4.28%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation.....	12.50%	
Estimated Taxable Assessed Valuation as of August 15, 2025.....	12.41%	
Debt Service Funds Available as of October 13, 2025.....	\$1,684,684	
Operating Funds Available as of as of October 13, 2025	\$4,597,450	
Capital Improvement Reserve Funds Available as of October 13, 2025.....	\$2,063,083	
Capital Projects Funds Available as of October 13, 2025	\$4,350,313	
2025 Debt Service Tax Rate.....	\$0.375	
2025 Maintenance and Operations Tax Rate.....	0.260	
2025 Total Tax Rate.....	\$0.635	
Average Annual Debt Service Requirement (2026-2043).....	\$3,097,221	(e)
Maximum Annual Debt Service Requirement (2031).....	\$4,265,731	(e)
Tax Rates Required to Pay Average Annual Debt Service (2026-2043) at a 95% Collection Rate		
Based upon 2025 Taxable Assessed Valuation.....	\$0.33	(f)
Based upon Estimated Taxable Assessed Valuation as of August 15, 2025	\$0.33	(f)
Tax Rates Required to Pay Maximum Annual Debt Service (2031) at a 95% Collection Rate		
Based upon 2025 Taxable Assessed Valuation.....	\$0.46	(f)
Based upon Estimated Taxable Assessed Valuation as of August 15, 2025	\$0.46	(f)
Status of Development as of September 8, 2025 (g):		
Total Lots.....	1,862	
Completed Homes (1,856 Occupied)	1,862	
Completed Multi-Family Units	210	
Commercial	(g)	
Estimated Population	6,916	(h)

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$975,927,510 of certified value and \$13,014,559 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on August 15, 2025. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and August 15, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2026. See "TAXING PROCEDURES."
- (c) The Outstanding Bonds and the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (f) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."
- (g) See "THE DISTRICT—Land Use" and "—Status of Development."
- (h) Based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family unit.

PRELIMINARY OFFICIAL STATEMENT

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

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

\$6,205,000

UNLIMITED TAX BONDS SERIES 2025

\$2,000,000

UNLIMITED TAX PARK BONDS SERIES 2025A

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 146 (the “District”) of its \$6,205,000 Unlimited Tax Bonds, Series 2025 (the “Series 2025 Bonds”) and the \$2,000,000 Unlimited Tax Park Bonds, Series 2025A (the “Series 2025A Park Bonds”). The Series 2025 Bonds and Series 2025A Park Bonds are collectively referred to herein as the “Bonds.”

The Series 2025 Bonds and Series 2025A Park Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the Texas Commission on Environmental Quality (“TCEQ”) approving the issuance of the Series 2025 Bonds and Series 2025A Park Bonds, and separate Resolutions authorizing the issuance, sale and delivery of the Series 2025 Bonds and Series 2025A Park Bonds adopted by the Board of Directors of the District (the “Series 2025 Bond Resolution” and “Series 2025A Park Bond Resolution,” respectively). The Series 2025 Bond Resolution and Series 2025A Park Bond Resolution are collectively referred to herein as the “Bond Resolutions.”

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolutions, and certain other information about the District, Meritage Homes of Texas Holding, Inc., an Arizona corporation (“Meritage”) and development activity in the District. Meritage is referred to herein as the “Developer.” All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

THE BONDS

Description

The Bonds will be dated December 1, 2025, and interest will accrue from the Date of Delivery with interest payable each March 1 and September 1, beginning March 1, 2026 (each an “Interest Payment Date”), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the inside cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Resolutions, the Board has appointed U.S. Bank Trust Company, National Association, Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the “Record Date”), to the address of such Registered Owner as shown on the Paying Agent/Registrar’s records (the “Register”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolutions.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remains outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Resolutions, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

Funds

In the Bond Resolutions, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Resolutions shall be deposited, as collected, in such fund.

Proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of funding certain construction costs, paying interest on funds advanced by the Developer and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolutions or ultimately transferred to the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on March 1, 2031, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

The District's voters have authorized the issuance of a total of \$126,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing drainage facilities, and a total of \$10,200,000 in principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities. The Bonds are being issued pursuant to such authorizations. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt."

The TCEQ has authorized the District to sell the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Series 2025 Bonds and Series 2025A Park Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, elections held within the District, an order of the TCEQ approving the issuance of the Series 2025 Bonds and Series 2025A Park Bonds, and the Series 2025 Bond Resolution and Series 2025A Park Bond Resolution, respectively.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the suitability of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolutions.

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolutions to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered owners of lost, stolen or destroyed Bonds will be required to pay the District's costs to replace such Bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

At bond elections held within the District, voters of the District have authorized the issuance of \$126,000,000 principal amount of unlimited tax bonds for the purpose of constructing and acquiring water, wastewater and storm drainage facilities, \$10,200,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing park and recreational facilities, and \$24,300,000 principal amount of unlimited tax refunding bonds and could authorize additional amounts. After issuance of the Bonds, the District will have \$60,120,000 principal amount of unlimited tax bonds authorized but unissued for purchasing and constructing a water, wastewater and/or storm drainage system, \$1,785,000 principal amount of unlimited tax bonds authorized but unissued for purchasing and constructing parks and recreational facilities, and \$22,785,000 principal amount of unlimited tax refunding bonds authorized but unissued. The outstanding principal amount of park bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance of the bonds, 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.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. The District prepared a detailed fire plan which was approved by the TCEQ and the District's voters on November 6, 2007. The fire plan does not call for the issuance of bonds but for a mandatory fee and monetary contribution to the City of Richmond, Texas. Fire protection is currently provided to property in the District by the City of Richmond, Texas, which operates a fire station on Mason Road, approximately one-half mile from the District. Pursuant to the Fire Protection Agreement, as amended, the District made capital contributions totaling \$189,463.29 towards the fire station. The Agreement additionally calls for the District to pay a monthly charge not to exceed \$15.00 per unit and is adjusted annually by 100% of the increase, if any, between the most recently published Consumer Price Index ("CPI") and the CPI for the preceding calendar year. The District's current monthly charge is \$14.80 per unit. When and if the District is annexed by the City of Houston, and dissolved, this Fire Protection Agreement with the City of Richmond terminates. See "—Annexation by the City of Houston" below.

If additional debt obligations are issued in the future by the District, such issuances may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston 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. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of Houston and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "—Strategic Partnership Agreement," below, for a description of the terms of the Strategic Partnership Agreement between the City of Houston and the District.

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

Strategic Partnership Agreement

The District has entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City"), effective December 20, 2007 and amended May 8, 2012, pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City of Houston health, safety, planning and zoning ordinances and to impose a sales tax within that portion of the District. Residential development within the District is not subject to the limited purpose annexation. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City of Houston for limited purposes and the City of Houston has imposed a one percent (1%) sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. The SPA also provides that the City of Houston will not annex the District for "full purposes" for at least thirty (30) years from the effective date of the SPA. Also, as a condition to full purpose annexation under the SPA, any unpaid reimbursement obligations due to a developer by the District must be assumed by the City of Houston to the maximum extent permitted by TCEQ rules.

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 as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 in the Bond Resolutions 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 that the Bonds shall not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolutions 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. See “INVESTMENT CONSIDERATIONS—Registered Owners’ Remedies and Bankruptcy Limitations.”

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might 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.

Defeasance

The Bond Resolutions provide 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 the 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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 requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series and maturity of the Bonds, in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned

by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the District and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by Pape-Dawson Engineers, Inc. (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required. In the event actual costs exceed previously estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

Series 2025 Bonds

CONSTRUCTION COSTS

• Bellfort Farms Detention Phase Two - Mass Grading.....	\$ 997,425
• Bellfort Farms Section Two - Water, Sanitary Sewer, and Drainage.....	1,287,111
• Bellfort Farms Section Two - Lift Station.....	802,742
• Lift Station 2 Generator.....	180,366
• Lift Station 6 Generator.....	250,395
• Detention Pond Erosion Restoration.....	529,946
• Bellfort Farms Section Two - Geotechnical Eng. Report.....	15,400
• Storm Water Pollution Prevention Plan.....	116,015
• Land Acquisition Cost.....	272,908
• Contingencies.....	96,071
• Engineering Fees.....	540,304
Total Construction Costs.....	\$ 5,088,683

NON-CONSTRUCTION COSTS

• Bond Discount (Estimated at 3.00%)(a).....	\$ 186,150
• Developer Interest (Estimated).....	532,900
Total Non-Construction Costs.....	\$ 719,050

ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 325,549
• Bond Application Report.....	50,000
• State Regulatory Fees.....	21,718
Total Issuance Costs and Fees.....	\$ 397,267

TOTAL BOND ISSUE.....	\$ 6,205,000
------------------------------	---------------------

(a) The TCEQ approved a maximum Underwriter's Discount of 3.00%.

Series 2025A Park Bonds

The construction costs below were compiled by the District and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by Pape-Dawson Engineers, Inc. (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required. In the event actual costs exceed previously estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

CONSTRUCTION COSTS

• Creekside Trail Connection at Vehicular Bridge - Landscaping.....	\$ 114,431
• Creekside Farms Phase One - Landscape Enhancements.....	515,598
• Creekside Farms Phase Two - Landscape Enhancements.....	465,496
• Venture Park Phase One - Amenity Enhancements.....	363,740
• Venture Park Phase Two - Amenity Enhancements.....	45,805
• Contingencies.....	4,580
• Landscape Architect Fees.....	149,290
Total Construction Costs.....	\$ 1,658,940

NON-CONSTRUCTION COSTS

• Bond Discount (Estimated at 3.00%)(a).....	\$ 60,000
• Developer Interest (Estimated).....	115,826
Total Non-Construction Costs.....	\$ 175,826

ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 148,234
• Bond Application Report.....	10,000
• State Regulatory Fees.....	7,000
Total Issuance Costs and Fees.....	\$ 165,234
TOTAL BOND ISSUE.....	\$ 2,000,000

(a) The TCEQ approved a maximum Underwriter's Discount of 3.00%.

LONG MEADOW FARMS

The District is being developed as a mixed use project and is a part of the master-planned community of Long Meadow Farms, which also includes adjacent Fort Bend County Municipal Utility District No. 194 (“MUD 194”), a 531-acre development where approximately 669 lots have been developed and homes constructed along with commercial and multi-family development.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ dated February 18, 2004. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and 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 and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purposes. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts or municipalities. Additionally, the District may, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. See “THE BONDS—Issuance of Additional Debt.”

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City of Houston within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which: limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of water, wastewater, and storm drainage facilities, park and recreational facilities, firefighting facilities and roads; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and commercial or multi-family reserves described in plats which have been approved by the Planning Commission of the City of Houston and recorded in the real property records. Construction and operation of the District’s system is subject to the regulatory jurisdiction of additional governmental agencies. See “THE SYSTEM—Regulation.”

Description and Location

At the time of creation, the District contained approximately 395 acres of land. Subsequent to creation, the District annexed approximately 487 acres, which brings the total District acreage to approximately 882 acres. The District is located approximately 23 miles southwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston. The majority of the District is within the boundaries of the Lamar Consolidated Independent School District and a small portion is within the Fort Bend Independent School District. The southern boundary of the District is approximately 2,400 feet south of Oyster Creek. The District is bounded on the east and north by Texas State Highway 99 (the “Grand Parkway”) and on the west and south by Skinner Lane. See “AERIAL PHOTOGRAPH.”

Land Use

The District includes approximately 662 developed acres of single-family residential development (1,862 lots), approximately 47 acres of commercial and multi-family development, approximately 142 undevelopable acres (drainage and pipeline easements, street rights-of-way and utility sites), approximately 16 acres of future developable land and approximately 15 acres developed as a public school site where one elementary school has been constructed. The table below represents a detailed breakdown of the current acreage and development in the District. See “AERIAL LOCATION MAP” and “PHOTOGRAPHS OF THE DISTRICT.”

	Approximate <u>Acres</u>	<u>Lots/Units</u>
<i><u>Single-Family Residential</u></i>		
<i>Long Meadow Farms:</i>		
Section One.....	29	94
Section Two.....	34	96
Section Three.....	49	71
Section Four.....	28	77
Section Five.....	15	65
Section Six.....	16	33
Section Seven.....	16	32
Section Eight.....	9	29
Section Nine.....	24	33
Section Ten.....	18	64
Section Eleven.....	24	69
Section Twelve.....	25	60
Section Thirteen.....	20	81
Section Fourteen.....	32	69
Section Fifteen.....	17	83
Section Sixteen (Phase I).....	11	60
Section Sixteen (Phase II).....	11	46
Section Seventeen.....	17	32
Section Eighteen.....	21	70
Section Nineteen.....	24	84
Section Twenty.....	9	23
Section Twenty-One.....	24	76
Section Twenty-Two.....	13	28
Section Twenty-Three.....	18	43
Section Twenty-Eight.....	17	43
Section Twenty-Nine.....	13	41
Section Thirty-Three.....	27	46
Section Thirty-Four.....	17	44
Section Thirty-Five.....	22	48
Section Thirty-Six.....	15	41
Section Thirty-Seven.....	8	15
Sub-Total.....	623	1,696
<i>Creekside Farms:</i>		
Section One.....	23	89
Section Two.....	16	77
Sub-Total.....	39	166
<i>Total Single-Family Residential.....</i>	662	1,862
<i>Commercial.....</i>	38	-
<i>Future Developable.....</i>	16	-
<i>Multi-Family.....</i>	9	210
<i>School Site (a).....</i>	15	-
<i>Non-Developable (b).....</i>	142	-
<i>Totals.....</i>	882	2,072

(a) Approximately 15 acres have been developed as a public school site where one elementary school has been constructed (non-taxable).

(b) Includes street rights-of-way, detention, open spaces, drainage and pipeline easements and utility sites that will not be developed for taxable purposes.

Status of Development

Single-Family Residential: The District has been developed as part of a master-planned community, Long Meadow Farms, 1,862 single-family residential lots on approximately 662 acres with completed homes on all lots (1,856 occupied, 6 unoccupied). For 2025, the average home value is \$474,577. The estimated population in the District (based upon 3.5 persons per occupied single-family residence and 2.0 persons per apartment unit, assumed 90% occupancy) is 6,482. See “—Land Use” herein.

Commercial/Schools: Water, sewer and drainage facilities are complete for approximately 38 acres of commercial tracts within the District where two medical office buildings with urgent care facilities, a Montessori school, the Goddard School (a children’s daycare center), two auto care businesses, an Exclusive Furniture retail business and 3 retail centers that include a Starbucks, a cupcake shop, two nail salons, a Papa John’s Pizza, a dentist office, a dialysis center, a Sherwin Williams paint store, a flooring store, an Avis/Budget rental facility, a barbecue restaurant, an Italian restaurant, a Farmers Insurance, a Smoothie King, a hair salon, a beauty supply store, a pet grooming facility, a barber shop, a sports bar, a pizzeria, a Fidelity Investments and a fitness gym have been constructed, with the remainder available for tenants. Approximately 15 acres are the site of one elementary school.

Multi-Family Residential: A 210-unit apartment community has been constructed on approximately 9 acres.

THE DEVELOPER

Role of a Developer

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

Prospective Bond purchasers should note that the prior real estate experience of Meritage should not be construed as an indication that further development within the District will occur, or that 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. See “INVESTMENT CONSIDERATIONS.”

Meritage Homes of Texas Holding, Inc.

Meritage Homes of Texas Holding, Inc., an Arizona corporation (“Meritage”), has developed approximately 39 acres within the District as Creekside Farms, Sections One and Two (166 single-family residential lots). Meritage was the sole builder in such sections and owns no remaining land in the District. Meritage is a wholly-owned subsidiary of Meritage Homes Corporation, a Maryland corporation whose common stock is listed on the New York Stock Exchange under the ticker symbol MTH.

Obligations of the Developer

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

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms and elections are held in May in even numbered years only. All of the Board members reside within the District. The current members of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard Stolleis	President	May 2028
Thomas Kolb	Vice President	May 2026
Robert Kirkwood	Assistant Vice President	May 2026
Craig Kalkomey	Secretary	May 2028
Alfred White	Assistant Secretary	May 2028

District Consultants

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

Bond Counsel/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

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

Independent Auditor: The District's financial statements for the fiscal year ending December 31, 2024, were prepared by the independent accounting firm of McCall Gibson Swedlund Barfoot Ellis, PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the audited financial statement of the District as of December 31, 2024.

Engineer: The District's consulting engineer is Pape-Dawson Engineers, Inc. (the "Engineer").

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

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

Bookkeeper: The District has contracted with McLennan & Associates, LP for bookkeeping services (the "Bookkeeper").

Utility System Operator: The operator of the District's water and wastewater system is Si Environmental, LLC.

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

THE SYSTEM

Regulation

Construction and operation of the District's water, sewer and drainage facilities as they now exist or as they may be expanded from time to time are subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend County Drainage District. Fort Bend County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's system.

Water Supply

Water supply for the District is provided by three water plants and by surface water received from the North Fort Bend Water Authority (the "Authority"). Water Plant No. 1 consists of a 1,500 gallon per minute ("gpm") water well, two 15,000 gallon pressure tanks, two 311,499 gallon ground storage facilities and 4,500 gpm of booster pump capacity. Water Plant No. 2 consists of a 350 gpm water well, a 5,000 gallon pressure tank, one 73,469 gallon ground storage tank and 1,050 gpm of booster pump capacity. Water Plant No. 3, consists of 1,500 gpm water well capacity, one 70,000 gallon pressure tank, one 455,000 gallon ground storage facility and 5,850 gpm of booster pump capacity. Additionally, the Authority supplies surface water to the water plants owned and operated by the District. Collectively, all three water plants adequately serve 5,500 equivalent single-family connections ("ESFCs"). The District has a contract for water and wastewater services with Fort Bend County Municipal Utility District No. 194 ("MUD 194") and shares capacity in the water plants and sewage treatment plant. The District is allocated 2,875 ESFCs and MUD 194 has 2,625 ESFCs in the regional water supply system. As of September 3, 2025, the District was serving 2,026 active connections (including 1,856 occupied homes within the District). A portion of bond proceeds will be used for improvements and rehabilitation to the District's water facilities. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Subsidence and Conversion to Surface Water Supply

The District and MUD 194 are within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. MUD 194's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2005, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County (including the District) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City of Houston to obtain treated surface water from the City of Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within 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 imposed on MUD 194 for groundwater pumped and surface water received), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including MUD 194, to convert from groundwater to surface water. The Authority currently charges MUD 194 and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped and a fee per 1,000 gallons based on the amount of surface water received 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 by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2014; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP, beginning in the year 2027. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a disincentive fee per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual 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 MUD 194. If MUD 194 failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against MUD 194, which would be passed through in part to 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 continue passing such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. 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.

Wastewater Treatment

Wastewater from the District is treated by a 1.2 million gallon per day (“gpd”) wastewater treatment plant. Currently, the facility adequately serves 5,333 ESFCs of which 2,708 ESFCs and 2,625 ESFCs have been allocated between the District and MUD 194, respectively. As of September 3, 2025, the District was serving 2,026 active connections (including 1,856 occupied homes within the District).

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,862 lots, approximately 38 acres of commercial development, 9 acres of multi-family development, two recreation center facilities and an approximate 15-acre school site in the District. See “THE DISTRICT—Land Use.”

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.

Jones Creek/Brazos River: FEMA issued an updated Flood Insurance Study (“FIS”) and associated Flood FIRMs, effective April 2, 2014. Panels 48157C0120L and 48157C0140L delineate certain areas within the southern portion of the District as being in the Zone AE, areas within a Special Flood Hazard Area (“SFHA”), or the 100-year floodplain of Jones Creek and the Brazos River. These areas are currently developed as single-family residential subdivisions. The District was aware of the impending FIS and FIRM update, and therefore included drainage improvements and floodplain fill components in construction projects within the developable property within this designated SFHA, effectively removing those properties from the delineated 100-year floodplain. A Letter of Map Revision and Letter of Map Revision-F have been approved by FEMA to have those designated areas removed from the SFHA. Therefore, no developable property within the District currently is within the delineated 100-year floodplain of Jones Creek or the Brazos River.

Oyster Creek: The updated maps delineate the 100-year floodplain of Oyster Creek within the District boundaries and adjoining properties. Certain residential properties which abut the Oyster Creek right of way may have small encroachments of the floodplain onto the edges of the properties. However, the minimum slab and adjacent grade elevations on all such lots are above the updated 100-year floodplain elevations of Oyster Creek. A Letter of Map Revision- Based on Fill (“LOMR-F”) request has been approved by FEMA to have the undeveloped lots removed from the SFHA. Those lots previously developed are required to submit an Elevation Certificate request to have the habitable structures removed from the SFHA.

According to the Engineer, there are currently no developable areas within the District within the delineated 100-year flood plain as shown on the effective Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Maps. All areas of the District are shown to be in an area defined as outside of the 500- year floodplain. Flood protection improvements constructed within the District have removed all developable areas of the District from the 100-year floodplain of Jones Creek and the Brazos River. These projects have also restricted the 100-year floodplain of Oyster Creek to within the channel of Oyster Creek and the boundaries of the lakes, ponds and ditches of the internal facilities constructed by the District. See “INVESTMENT CONSIDERATIONS—Extreme Weather Events.”

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as National Oceanic and Atmospheric Administration (“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. The regulatory agencies have implemented interim floodplain development regulations which require stormwater detention and drainage improvements which may reduce the amount of currently developable property within the District. Should remapping of the FEMA 100-year flood plain occur, the properties within the District may become subject to higher flood insurance rates for existing properties, increased development costs/fees and stricter building codes for developable properties within the expanded floodplain boundaries.

Water and Wastewater Operations

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds or the Outstanding Bonds but are available for any lawful purpose.

The following statement sets forth in condensed form, the General Operating Fund, as shown in the District's audited financial statements for the fiscal years ended December 31, 2021 through December 31, 2024 and an unaudited summary for the nine-month period ended September 30, 2025 provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

		Fiscal Year Ended December 31			
	1/1/2025 to 9/30/2025 (a)	2024	2023	2022	2021
Revenues:					
Property Taxes	\$ 2,437,124	\$ 1,969,970	\$ 2,262,933	\$ 1,663,747	\$ 1,534,406
Water and Sewer Service	1,219,899	1,466,603	1,334,697	1,210,585	1,095,668
Fire Protection Service	320,544	396,453	373,887	336,254	314,226
Penalty and Interest	48,487	28,362	39,506	37,338	24,787
Tap Connection and Sewer Inspection	31,414	254,194	80,092	245,744	22,072
Sales Tax Revenue	71,396	89,713	102,925	118,797	119,252
Regional Water Authority Fee	1,087,687	1,353,542	1,585,546	1,517,641	1,047,518
Investment Revenue & Other	172,819	348,377	314,054	128,698	44,953
Total Revenues	\$ 5,389,370	\$ 5,907,214	\$ 6,093,640	\$ 5,258,804	\$ 4,202,882
Expenditures:					
Professional Fees	\$ 197,804	\$ 390,962	\$ 332,566	\$ 322,242	\$ 304,989
Purchased or Contracted Services	538,969	450,329	446,203	373,328	366,189
Utilities	9,356	10,844	9,773	8,974	7,970
Joint Facilities Costs (b)	1,871,757	2,477,548	2,267,197	2,205,955	1,909,169
Fire Protection Service	339,808	404,711	382,346	343,308	320,913
Repairs and Maintenance	938,480	1,354,961	1,551,098	1,058,924	688,637
Capital Outlay	760,000	129,682	176,421	586,454	142,109
Other	90,703	356,516	196,265	303,182	271,395
Total Expenditures	\$ 4,746,877	\$ 5,575,553	\$ 5,361,869	\$ 5,202,367	\$ 4,011,371
NET REVENUES	\$ 642,493	\$ 331,661	\$ 731,771	\$ 56,437	\$ 191,511
General Operating Fund					
Balance (Beginning of Year)	\$ 5,619,672	\$ 5,288,011	\$ 4,556,240	\$ 4,499,803	\$ 4,308,292
General Operating Fund					
Balance (End of Year)	\$ 6,262,165	\$ 5,619,672	\$ 5,288,011	\$ 4,556,240	\$ 4,499,803

(a) Unaudited. Provided by the Bookkeeper.

(b) Represents the District's share of expenses related to joint facilities within MUD 194. See "THE SYSTEM."

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$988,942,069	(a)
Estimated Taxable Assessed Valuation as of August 15, 2025	\$995,688,448	(b)
Gross Direct Debt Outstanding	\$ 42,655,000	(c)
Estimated Overlapping Debt	80,940,031	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$123,595,031	
Ratios of Gross Direct Debt to:		
2025 Taxable Assessed Valuation.....	4.31%	
Estimated Taxable Assessed Valuation as of August 15, 2025.....	4.28%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation.....	12.50%	
Estimated Taxable Assessed Valuation as of August 15, 2025.....	12.41%	
Debt Service Funds Available as of October 13, 2025.....	\$1,684,684	
Operating Funds Available as of as of October 13, 2025	\$4,597,450	
Capital Improvement Reserve Funds Available as of October 13, 2025.....	\$2,063,083	
Capital Project Funds Available as of October 13, 2025.....	\$4,350,313	

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$975,927,510 of certified value and \$13,014,559 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on August 15, 2025. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and August 15, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2026. See "TAXING PROCEDURES."
- (c) The Outstanding Bonds and the Bonds. See "—Outstanding Bonds" herein.
- (d) See "—Estimated Overlapping Debt" herein.

Investments of the District

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

Outstanding Debt

The District has issued \$59,675,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in fourteen series, \$33,540,000 principal amount of unlimited tax refunding bonds for refunding outstanding bonds in six series and \$6,415,000 principal amount of unlimited tax bonds for park and recreational facilities in three series, \$34,450,000 of which collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of all series of bonds issued by the District and the principal amount of the Outstanding Bonds.

Series	Original Principal Amount	Principal Amount Currently Outstanding
2005-2009A	\$ 27,745,000	\$ -
2010A (a)	1,185,000	610,000
2010-2013	20,170,000	-
2014	3,880,000	2,225,000
2014A	2,000,000	1,125,000
2014B (a)	3,330,000	1,905,000
2015 (b)	6,245,000	2,520,000
2016	4,765,000	2,850,000
2016 (b)	4,550,000	3,215,000
2017 (a)	1,900,000	1,200,000
2017A (b)	3,870,000	2,010,000
2019 (b)	3,775,000	1,975,000
2020 (b)	6,625,000	5,225,000
2024	9,590,000	9,590,000
Total	\$ 99,630,000	\$ 34,450,000

(a) Unlimited tax park bonds

(b) Unlimited tax refunding bonds

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see “—Outstanding Debt” herein) and the estimated debt service on the Bonds at an estimated interest rate of 4.75%.

Year	Outstanding Bonds Debt Service Requirements	The Series 2025 Bonds		The Series 2025A Park Bonds		Total Debt Service Requirements
		Principal	Interest	Principal	Interest	
2026	\$ 3,755,950		\$ 214,503	\$ 110,000	\$ 66,526	\$ 4,146,980
2027	3,708,513		294,738	115,000	87,044	4,205,294
2028	3,643,163		294,738	115,000	81,581	4,134,481
2029	3,596,663		294,738	115,000	76,119	4,082,519
2030	3,532,788		294,738	115,000	70,656	4,013,181
2031	3,795,681		294,738	110,000	65,313	4,265,731
2032	2,897,188	\$ 520,000	282,388	110,000	60,088	3,869,663
2033	2,816,125	520,000	257,688	110,000	54,863	3,758,675
2034	2,733,600	520,000	232,988	110,000	49,638	3,646,225
2035	2,005,994	520,000	208,288	110,000	44,413	2,888,694
2036	1,942,513	520,000	183,588	110,000	39,188	2,795,288
2037	1,883,406	515,000	159,006	110,000	33,963	2,701,375
2038	1,722,756	515,000	134,544	110,000	28,738	2,511,038
2039	1,539,300	515,000	110,081	110,000	23,513	2,297,894
2040	1,486,450	515,000	85,619	110,000	18,288	2,215,356
2041	818,600	515,000	61,156	110,000	13,063	1,517,819
2042	788,600	515,000	36,694	110,000	7,838	1,458,131
2043	601,800	515,000	12,231	110,000	2,613	1,241,644
Total	\$ 43,269,088	\$ 6,205,000	\$ 3,452,460	\$ 2,000,000	\$ 823,439	\$ 55,749,986

Average Annual Debt Service Requirements (2026-2043) \$3,097,221
Maximum Annual Debt Service Requirement (2031) \$4,265,731

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding	As of	Overlapping	
	Bonds		Percent	Amount
Fort Bend County.....	\$ 1,235,264,389	9/30/2025	0.74%	\$ 9,140,956
Fort Bend County Drainage District.....	21,645,000	9/30/2025	0.74%	160,173
Fort Bend Independent School District (a).....	1,836,730,000	9/30/2025	0.42%	7,714,266
Lamar Consolidated Independent School District (a)....	3,058,595,000	9/30/2025	2.09%	63,924,636
Total Estimated Overlapping Debt.....				\$ 80,940,031
The District's Total Direct Debt (b).....				42,655,000
Total Direct and Estimated Overlapping Debt.....				\$ 123,595,031

Direct and Estimated Overlapping Debt as a Percentage of:

2025 Taxable Assessed Valuation of \$988,942,069	12.50%
Estimated Taxable Assessed Valuation as of August 15, 2025 of \$995,688,448	12.41%

- (a) The majority of the District is in the Lamar Consolidated Independent School District and a small portion is in the Fort Bend Independent School District. They do not overlap each other.
- (b) Includes the Outstanding Bonds and the Bonds.

Overlapping Taxes

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

No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2025 Tax Rate per \$100 of Taxable Assessed Valuation
Fort Bend County (including Drainage District).....	\$ 0.42200
Lamar Consolidated Independent School District (a)...	1.1469
Total Overlapping Tax Rate.....	\$ 1.5689
The District.....	0.6350
Total Tax Rate.....	\$ 2.2039

- (a) The majority of the District is in Lamar Consolidated Independent School District and a small portion is in Fort Bend Independent School District. They do not overlap each other. The tax rate per \$100 assessed valuation levied for the 2025 tax year in Fort Bend Independent School District is \$1.0569.

TAX DATA

Debt Service Tax

The District covenants in the Bond Resolutions to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Historical Tax Rate Distribution” and “Tax Roll Information” below, and “TAXING PROCEDURES.”

Maintenance and Operations Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted on May 15, 2004, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 of assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds.

Historical Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$ 0.375	\$ 0.400	\$ 0.480	\$ 0.480	\$ 0.570
Maintenance and Operations	0.260	0.270	0.240	0.310	0.260
Total	\$ 0.635	\$ 0.670	\$ 0.720	\$ 0.790	\$ 0.830

Exemptions

For tax year 2025, the District granted a \$25,000 exemption to residential homesteads of persons disabled or 65 years of age or older and a 5% general exemption on residential homesteads.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established 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 (April 1 for personal property), but not later than May 1 of that year, and that remain delinquent on 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.

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Total Collections as of September 30, 2025	
				Amount	Percent
2020	\$ 624,567,975	\$ 0.815	\$ 5,090,229	\$ 5,079,030	99.78%
2021	642,438,529	0.830	5,332,240	5,319,600	99.76%
2022	732,652,830	0.790	5,787,957	5,766,404	99.63%
2023	826,749,759	0.720	5,952,598	5,938,087	99.76%
2024	916,411,322	0.670	6,139,956	6,104,167	99.42%
2025	988,942,069	0.635	6,279,782	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted. See “—Tax Roll Information” below.

(b) Unaudited.

(c) In process of collections. Taxes are due by January 31, 2026.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2021 through 2025 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Breakdowns of the uncertified portion (\$13,014,559) of the 2025 Taxable Assessed Valuation of \$988,942,069 and the Estimate of Taxable Assessed Valuation as of August 15, 2025 of \$995,688,448 are not available.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions (a)	Uncertified Value	Net Taxable Assessed Valuations
	Land	Improvements	Personal Property				
2021	\$ 135,004,253	\$ 550,027,665	\$ 12,101,200	\$ 697,133,118	\$ (54,694,589)	\$ -	\$ 642,438,529
2022	139,742,056	637,421,920	17,487,434	794,651,410	(61,998,580)	-	732,652,830
2023	144,569,350	731,981,665	20,882,124	897,433,139	(70,683,380)	-	826,749,759
2024	193,061,197	793,170,572	21,792,489	1,008,024,258	(91,612,936)	-	916,411,322
2025	196,239,099	877,615,326	10,119,395	1,083,973,820	(108,046,310)	13,014,559	988,942,069

(a) See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the 2025 Certified Taxable Assessed Valuation of \$975,927,510. Accurate principal taxpayer lists related to the uncertified portion (\$13,014,559) of the 2025 Taxable Assessed Valuation of \$988,942,069 and the Estimate of Taxable Assessed Valuation as of August 15, 2025 of \$995,688,448 are not available as of the date hereof.

Taxpayer	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
7970 Vankara Master LLC & 7970 Grand LP	\$ 29,858,479	3.06%
TREA SP IV Richmond TX LLC	9,800,000	1.00%
ZFAM Properties Richmond LLC	9,800,000	1.00%
Richmond 7830 MP RK6 LLC	8,986,917	0.92%
7850 Grove Park LLC	4,814,758	0.49%
FBT Equity Investments	4,287,600	0.44%
Long Meadows Commercial Developers LLC	4,228,913	0.43%
Long Meadow LLC	3,918,600	0.40%
Star Project LTd	3,842,965	0.39%
4 A's-LC Real Estate LLC	3,774,213	0.39%
Total	\$ 83,312,445	8.54%

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2025 Taxable Assessed Valuation of \$988,942,069 (\$975,927,510 of certified value and \$13,014,559 of uncertified value) or the Estimated Taxable Assessed Valuation as of August 15, 2025, of \$995,688,448. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2026-2043)	\$3,097,221
\$0.33 Tax Rate on the 2025 Taxable Assessed Valuation	\$3,100,333
\$0.33 Tax Rate on the Estimated Taxable Assessed Valuation as of August 15, 2025	\$3,121,483
Maximum Annual Debt Service Requirement (2031).....	\$4,265,731
\$0.46 Tax Rate on the 2025 Taxable Assessed Valuation	\$4,321,677
\$0.46 Tax Rate on the Estimated Taxable Assessed Valuation as of August 15, 2025	\$4,351,159

No representations or suggestions are made that the uncertified portion of the 2025 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 15, 2025 will not be adjusted downward by the Appraisal District prior to certification and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

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 an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may here after issue (see "INVESTMENT CONSIDERATIONS —Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolutions to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the District may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations 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 here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend Central Appraisal Review Board (the "Appraisal Review Board").

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 status in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. For tax year 2025, the District granted a \$25,000 exemption to residential homesteads of persons disabled or 65 years of age or older. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption,

and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads 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 before July 1. For tax year 2025, the District has adopted a 5% general residential homestead exemption. See "TAX DATA."

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

Tax Abatement

Fort Bend County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County and the District, under certain circumstances, 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 appraised valuation of property covered by the agreement over its appraised 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 agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

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 under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) 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 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 some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, 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 real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The 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 formally to 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.

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. 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 value, appraisals which 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.

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 Texas 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 has been damaged as a direct result of the disaster or emergency.

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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 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 Texas 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 of Directors on an annual basis. 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. For the 2025 tax year, the District was classified as a Developed District.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

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

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Taxable Assessed Valuation is \$988,942,069 (\$975,927,510 certified and \$13,014,559 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be \$4,265,731 (2031), and the average annual debt service requirement will be \$3,097,221 (2026-2043 inclusive). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.46 and \$0.33 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. The Estimate of Taxable Assessed Valuation as of August 15, 2025 is \$995,688,448 and reduces the above tax calculations to \$0.46 and \$0.33 per \$100 of taxable assessed valuation, respectively. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements” and “TAX DATA—Tax Adequacy for Debt Service.”

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation or the Estimate of Taxable Assessed Valuation as of August 15, 2025 will not be adjusted downward by the Appraisal District prior to certification and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See “TAXING PROCEDURES.” While the District anticipates future increases in taxable values, it makes no representations that over the term of the Bonds, the property within the District will maintain a value sufficient to justify continued payment of taxes by property owners. Property within the District also is subject to taxes levied by other political subdivisions. See “TAX DATA—Tax Adequacy for Debt Service.”

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 or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Extreme Weather Events

The greater Houston area, including Fort Bend County, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days.

According to the Operator and the Engineer, the water and wastewater system sustained no material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District did not receive notice of any homes or commercial businesses within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

River (or Fluvial) Flood: 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 sheetflow overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam, levee or reservoir also could potentially create a flooding condition in rivers, bayous or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

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 District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ 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. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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.

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolutions 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.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of \$126,000,000 principal amount of unlimited tax bonds for constructing and acquiring water, wastewater and storm drainage facilities, \$10,200,000 principal amount of unlimited tax bonds for purchasing and constructing park and recreational facilities and \$24,300,000 principal amount of unlimited tax refunding bonds have been authorized by the District's voters. After the issuance of the Bonds, the District will have \$60,120,000 principal amount of unlimited tax bonds authorized but unissued for constructing and acquiring water, wastewater and storm drainage facilities, \$1,785,000 principal amount of unlimited tax bonds authorized but unissued for purchasing and constructing park and recreational facilities and \$22,785,000 principal amount of unlimited tax refunding bonds authorized but unissued. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, the Developer has advanced certain funds for the construction of facilities for which it has not been reimbursed. After reimbursements are made with Bond proceeds, the District will owe no reimbursements to the Developer for the construction of water, sewer and drainage facilities related to Creekside Farms. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue; however, bonds for recreational facilities may not be issued in an amount which exceeds one percent (1%) of the District's taxable value at the time of issuance. The issuance of additional bonds for water, sewer and drainage facilities and parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, 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 for parks and recreational facilities may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Marketability of the Bonds

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

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.

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations:

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer (the "Insurer") and its claims paying ability. The 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 Insurer and of the ratings on the Bonds insured by the 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 description of "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

The obligations of the Insurer are contractual obligations and in an event of default by the 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 Underwriters has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 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 Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Certain Tax Exemption Provided for Affordable Housing

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

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate

in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not qualify for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

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

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “A2” to the Bonds. An explanation of the rating may be obtained from Moody’s. Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter and at the applicable Underwriter’s expense. The rating fees of Moody’s will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the applicable Underwriter. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance.”

There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody’s, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified 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 by the District, 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 Allen Boone Humphries Robinson LLP, 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 income 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,” “THE DISTRICT—General,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes 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 Material Adverse Change

The obligations of the Underwriters 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 from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT, as amended or supplemented through the date of the sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

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 Resolutions that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Resolutions 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 Resolutions 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.

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 will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the 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.

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 Exemption,” and “—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 Underwriters 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.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of OFFICIAL STATEMENT." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

Consultants

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

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

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's water, wastewater and storm drainage system and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Pape-Dawson Engineers, Inc. and has been included herein in reliance upon the authority of said firm as the District's Engineer.

Auditor: The District's financial statements for the fiscal year ending December 31, 2024, were prepared by the independent accounting firm of McCall Gibson Swedlund Barfoot Ellis, PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the audited financial statement of the District as of December 31, 2024.

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

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriters, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriters elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriters; provided, however, that the obligation of the District to the Underwriters to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriters, unless the Underwriters notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addendum, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the

District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the Board has relied in part upon its examination of records of the District, and upon discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its Electronic Municipal Market Access System (“EMMA”). The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings “THE SYSTEM,” “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” except for “—Estimated Overlapping Debt,” “TAX DATA,” and “APPENDIX A” (Financial Statement of the District and Certain Supplemental Schedules). The District will update and provide this information within six months after the end of each fiscal year ending in and after 2025. Any financial statements provided by the District shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited statements for the applicable year to the MSRB within such six month period, and audited financial statements when the audit becomes available.

The District’s current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 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 status of the Bonds, or other material events affecting the tax 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 Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “—Annual Reports.”

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District 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 Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the Registered Owners of a majority in aggregate principal amount of the Outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolutions if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL LOCATION MAP
(As of September 2025)

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT No. 146**



PHOTOGRAPHS OF THE DISTRICT
(As of September 2025)













APPENDIX A
Financial Statement of the District for the fiscal year ended December 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2024

MCCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL-GENERAL FUND AND SPECIAL REVENUE FUND	34-35
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to financial statements)	
SERVICES AND RATES	37-39
GENERAL FUND EXPENDITURES	40
INVESTMENTS	41
TAXES LEVIED AND RECEIVABLE	42-43
LONG-TERM DEBT SERVICE REQUIREMENTS	44-56
CHANGES IN LONG-TERM BOND DEBT	57-59
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	60-63
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	64-65

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

*Mike M. McCall
(retired)
Debbie Gibson
(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 146
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 146 (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

April 14, 2025

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Management’s discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 146 (the “District”) provides an overview of the District’s financial activities for the year ended December 31, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental funds. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs, professional fees, and administrative expenditures. The Special Revenue Fund accounts for the operating and capital activities related to the joint facilities shared with Fort Bend County Municipal Utility District No. 194.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs. Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. Budgetary comparison schedules are included as RSI for the General Fund and Special Revenue Fund - Operating.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,960,976 as of December 31, 2024. A portion of the District's net position reflects its net investment in capital assets which includes land, construction in progress and the water, wastewater, drainage, and recreational facilities less any debt used to acquire those assets that is still outstanding. The table on the following page presents a comparative analysis of government-wide changes in net position for the current and prior years.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 20,534,930	\$ 15,157,853	\$ 5,377,077
Capital Assets (Net of Accumulated Depreciation)	48,652,118	47,866,818	785,300
Total Assets	\$ 69,187,048	\$ 63,024,671	\$ 6,162,377
Deferred Outflows of Resources	\$ 881,159	\$ 987,751	\$ (106,592)
Due to Developer	\$ 3,581,696	\$ 5,561,135	\$ 1,979,439
Bonds Payable	37,616,088	30,649,655	(6,966,433)
Other Liabilities	1,782,468	1,642,610	(139,858)
Total Liabilities	\$ 42,980,252	\$ 37,853,400	\$ (5,126,852)
Deferred Inflows of Resources	\$ 6,126,979	\$ 6,069,485	\$ (57,494)
Net Position:			
Net Investment in Capital Assets	\$ 13,661,361	\$ 13,437,366	\$ 223,995
Restricted	1,603,288	1,128,840	474,448
Unrestricted	5,696,327	5,523,331	172,996
Total Net Position	\$ 20,960,976	\$ 20,089,537	\$ 871,439

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

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 5,922,115	\$ 5,778,396	\$ 143,719
Charges for Services	5,074,944	4,899,679	175,265
Other Revenues	710,108	597,453	112,655
Total Revenues	\$ 11,707,167	\$ 11,275,528	\$ 431,639
Expenses for Services	10,835,728	9,387,456	(1,448,272)
Change in Net Position	\$ 871,439	\$ 1,888,072	\$ (1,016,633)
Net Position, Beginning of Year	20,089,537	18,201,465	1,888,072
Net Position, End of Year	\$ 20,960,976	\$ 20,089,537	\$ 871,439

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2024, were \$12,656,470, an increase of \$5,218,078 from the prior year.

The General Fund fund balance increased by \$331,661, primarily due to property tax revenues, sales tax revenues, investment revenues, and service revenues exceeding capital outlay and operating expenditures.

The Special Revenue Fund - Operating is revenue neutral. Costs incurred are billed to the respective participants on a monthly basis.

The Special Revenue Fund - Construction fund balance increased by \$27,391. Construction costs were funded by participant advances, with the net change a result of investment revenues.

The Debt Service Fund fund balance increased by \$511,296, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund increased by \$4,347,730, primarily due to the issuance of the Series 2024 bonds.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund. Actual revenues were \$297,368 more than budgeted revenues and actual expenditures were \$678,603 more than budgeted expenditures which resulted in a negative variance of \$381,235. See the budget to actual comparison for further information. The Board of Directors adopted a budget for the Special Revenue Fund - Operating. Actual expenditures were \$458,298 more than budgeted expenditures. See the budget to actual comparison for further information.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects a General Fund fund balance increase of \$123,391.

CAPITAL ASSETS

Capital assets as of December 31, 2024, total \$48,652,118 (net of accumulated depreciation) and include land, construction in progress and recreational facilities, as well as the water, wastewater and drainage systems. Capital asset activity during the current fiscal year primarily included Bellfort Farms mass grading and detention basin Phase 2 facilities and Bellfort Farms Section 2 lift station facilities.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,503,062	\$ 3,499,932	\$ 3,130
Construction in Progress	438,621	27,833	410,788
Capital Assets Subject to Depreciation:			
Recreational Facilities	6,070,756	6,034,256	36,500
Water System	13,974,695	13,996,527	(21,832)
Wastewater System	21,430,307	20,506,634	923,673
Drainage System	24,323,057	23,272,705	1,050,352
Less Accumulated Depreciation	(21,088,380)	(19,471,069)	(1,617,311)
Total Net Capital Assets	<u>\$ 48,652,118</u>	<u>\$ 47,866,818</u>	<u>\$ 785,300</u>

LONG-TERM DEBT ACTIVITY

Standard & Poor's has assigned an underlying credit rating of A or A2 to the District's bonds. The District's bonds carry insured ratings of AA and/or A1 by virtue of bond insurance issued by either Assured Guaranty or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

As of December 31, 2024, the District had total bond debt payable of \$37,045,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, January 1, 2024	\$ 30,035,000
Add: Bond Sale - Series 2024	9,590,000
Less: Bond Principal Paid	<u>(2,580,000)</u>
Bond Debt Payable, December 31, 2024	<u>\$ 37,045,000</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 146, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund - Operating</u>	<u>Special Revenue Fund - Construction</u>
ASSETS			
Cash	\$ 647,768	\$ 154,118	\$ 7,813
Investments	4,686,673		784,595
Receivables:			
Property Taxes	2,189,205		
Penalty and Interest on Delinquent Taxes			
Service Accounts	529,217		
Other	48,107		
Due from the City of Houston	22,796		
Due from Other Funds	609,212	270,381	12,209
Prepaid Costs		17,890	
Due from Participants		186,598	493,501
Joint Facilities Operating Advance	181,661		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 8,914,639</u>	<u>\$ 628,987</u>	<u>\$ 1,298,118</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 8,914,639</u></u>	<u><u>\$ 628,987</u></u>	<u><u>\$ 1,298,118</u></u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 795,960	\$ 31	\$ 1,605,690	\$	\$ 1,605,690
1,847,021	4,617,028	11,935,317		11,935,317
3,260,317		5,449,522		5,449,522
			40,798	40,798
		529,217		529,217
28		48,135		48,135
		22,796		22,796
		891,802	(891,802)	
		17,890	48,306	66,196
		680,099	157,160	837,259
		181,661	(181,661)	
			3,503,062	3,503,062
			438,621	438,621
			44,710,435	44,710,435
<u>\$ 5,903,326</u>	<u>\$ 4,617,059</u>	<u>\$ 21,362,129</u>	<u>\$ 47,824,919</u>	<u>\$ 69,187,048</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 881,159</u>	<u>\$ 881,159</u>
<u>\$ 5,903,326</u>	<u>\$ 4,617,059</u>	<u>\$ 21,362,129</u>	<u>\$ 48,706,078</u>	<u>\$ 70,068,207</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Special Revenue Fund - Operating	Special Revenue Fund - Construction
LIABILITIES			
Accounts Payable	\$ 297,599	\$ 298,733	\$ 474,714
Accrued Interest Payable			
Due to Developer			
Due to Other Funds	280,164	50,776	2,426
Security Deposits	219,774		
Participant Operating Advances		279,478	
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	<u>\$ 797,537</u>	<u>\$ 628,987</u>	<u>\$ 477,140</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 2,497,430</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
FUND BALANCES			
Nonspendable -			
Joint Facilities Operating Advance	\$ 181,661	\$	\$
Restricted for Authorized Construction			820,978
Restricted for Debt Service			
Unassigned	<u>5,438,011</u>		
TOTAL FUND BALANCES	<u>\$ 5,619,672</u>	<u>\$ -0-</u>	<u>\$ 820,978</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 8,914,639</u></u>	<u><u>\$ 628,987</u></u>	<u><u>\$ 1,298,118</u></u>
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 29,182	\$ 1,100,228	\$	\$ 1,100,228
			364,649	364,649
			3,581,696	3,581,696
318,289	240,147	891,802	(891,802)	
		219,774		219,774
		279,478	(181,661)	97,817
			2,595,000	2,595,000
			35,021,088	35,021,088
<u>\$ 318,289</u>	<u>\$ 269,329</u>	<u>\$ 2,491,282</u>	<u>\$ 40,488,970</u>	<u>\$ 42,980,252</u>
 <u>\$ 3,716,947</u>	 <u>\$ -0-</u>	 <u>\$ 6,214,377</u>	 <u>\$ (87,398)</u>	 <u>\$ 6,126,979</u>
 \$	 \$	 \$	 \$	 \$
	4,347,730	181,661	(181,661)	
		5,168,708	(5,168,708)	
1,868,090		1,868,090	(1,868,090)	
		5,438,011	(5,438,011)	
<u>\$ 1,868,090</u>	<u>\$ 4,347,730</u>	<u>\$ 12,656,470</u>	<u>\$ (12,656,470)</u>	<u>\$ -0-</u>
 <u>\$ 5,903,326</u>	 <u>\$ 4,617,059</u>	 <u>\$ 21,362,129</u>		
			\$ 13,661,361	\$ 13,661,361
			1,603,288	1,603,288
			5,696,327	5,696,327
			<u>\$ 20,960,976</u>	<u>\$ 20,960,976</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total Fund Balances - Governmental Funds	\$ 12,656,470
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements.	48,306
--	--------

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.	881,159
---	---------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. Adjustments to capital assets that are owed from participating districts are recognized in the government-wide financial statements.	48,809,278
---	------------

Deferred inflows of resources related to property tax revenues and penalty and interest revenues on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	128,196
--	---------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (3,581,696)	
Accrued Interest Payable	(364,649)	
Bonds Payable	<u>(37,616,088)</u>	<u>(41,562,433)</u>
Total Net Position - Governmental Activities		<u>\$ 20,960,976</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Special Revenue Fund - Operating	Special Revenue Fund - Construction
REVENUES			
Property Taxes	\$ 1,969,970	\$	\$
Water Service	924,928		
Wastewater Service	541,675		
Fire Protection Service	396,453		
Water Authority Fees	1,353,542		
Penalty and Interest	28,362		
Connection, Inspection, and Other Service Fees	254,194		
Joint Facilities Revenues and Contributions		4,050,418	4,828,453
Sales Tax Revenues	89,713		
Investment and Miscellaneous Revenues	348,377	1,900	51,642
TOTAL REVENUES	<u>\$ 5,907,214</u>	<u>\$ 4,052,318</u>	<u>\$ 4,880,095</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 390,962	\$ 16,649	\$
Contracted Services	450,329	310,883	
Joint Facilities Costs	2,477,548		
Utilities	10,844	176,705	
Water Authority Costs		2,424,955	
Fire Protection Service	404,711		
Repairs and Maintenance	1,354,961	929,346	
Depreciation			
Other	356,516	143,004	385
Capital Outlay	129,682	50,776	4,852,319
Developer Interest			
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	<u>\$ 5,575,553</u>	<u>\$ 4,052,318</u>	<u>\$ 4,852,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 331,661</u>	<u>\$ -0-</u>	<u>\$ 27,391</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 331,661</u>	<u>\$ -0-</u>	<u>\$ 27,391</u>
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JANUARY 1, 2024	<u>5,288,011</u>		<u>793,587</u>
FUND BALANCES/NET POSITION - DECEMBER 31, 2024	<u>\$ 5,619,672</u>	<u>\$ -0-</u>	<u>\$ 820,978</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 3,944,738	\$	\$ 5,914,708	\$ 7,407	\$ 5,922,115
		924,928		924,928
		541,675		541,675
		396,453		396,453
		1,353,542		1,353,542
18,977		47,339	7,809	55,148
		254,194		254,194
		8,878,871	(7,329,867)	1,549,004
		89,713		89,713
172,194	46,282	620,395		620,395
<u>\$ 4,135,909</u>	<u>\$ 46,282</u>	<u>\$ 19,021,818</u>	<u>\$ (7,314,651)</u>	<u>\$ 11,707,167</u>
\$ 4,276	\$ 24,000	\$ 435,887	\$	\$ 435,887
80,180		841,392		841,392
		2,477,548	(2,477,548)	
		187,549		187,549
		2,424,955		2,424,955
		404,711		404,711
		2,284,307		2,284,307
			1,617,311	1,617,311
14,505	208	514,618		514,618
	4,201,592	9,234,369	(9,234,369)	
	387,796	387,796		387,796
2,580,000		2,580,000	(2,580,000)	
945,652		945,652	102,405	1,048,057
	689,145	689,145		689,145
<u>\$ 3,624,613</u>	<u>\$ 5,302,741</u>	<u>\$ 23,407,929</u>	<u>\$ (12,572,201)</u>	<u>\$ 10,835,728</u>
<u>\$ 511,296</u>	<u>\$ (5,256,459)</u>	<u>\$ (4,386,111)</u>	<u>\$ 5,257,550</u>	<u>\$ 871,439</u>
\$	\$ 9,590,000	\$ 9,590,000	\$ (9,590,000)	\$
	14,189	14,189	(14,189)	
<u>\$ -0-</u>	<u>\$ 9,604,189</u>	<u>\$ 9,604,189</u>	<u>\$ (9,604,189)</u>	<u>\$ -0-</u>
\$ 511,296	\$ 4,347,730	\$ 5,218,078	\$ (5,218,078)	\$
			871,439	871,439
1,356,794		7,438,392	12,651,145	20,089,537
<u>\$ 1,868,090</u>	<u>\$ 4,347,730</u>	<u>\$ 12,656,470</u>	<u>\$ 8,304,506</u>	<u>\$ 20,960,976</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Governmental Funds	\$ 5,218,078
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	7,407
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	7,809
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,617,311)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	4,382,050
Governmental funds report bond premiums as other financing sources. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. Also, bond insurance premiums and deferred charges are amortized over the life of the bonds.	(67,317)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	2,580,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(49,277)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(9,590,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 871,439</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 146 (the “District”) was created effective February 18, 2004 by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 10, 2004, and sold its first series of bonds on September 8, 2005.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission. The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The District has four governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, operating costs, professional fees, and administrative expenditures.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds (Continued)

Special Revenue Funds – To account for the operating and capital activities related to the joint facilities shared with Fort Bend County Municipal Utility District No. 194.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2023 tax levy collections during the period October 1, 2023 to December 31, 2024, and taxes collected from January 1, 2024 to December 31, 2024, for the 2022 and prior tax levies. The 2024 tax levy has been fully deferred to meet the District’s planned expenditures in 2025.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The Debt Service Fund recorded a payable to the General Fund of \$318,289 for maintenance tax collections (timing difference between collections and transfers). The General Fund recorded a payable to the Special Revenue Funds of \$280,164 for joint facilities operating and construction costs. The Special Revenue Fund – Regional Operating Fund recorded a payable of \$50,776 to the General Fund for engineering costs for Water Well No. 3 and the Special Revenue – Regional Construction Fund recorded a payable of \$2,426 to the Special Revenue Fund – Regional Operating Fund. The Capital Projects Fund recorded a payable to the General Fund of \$240,147 for detention channel desilting costs.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition cost value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$15,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over the estimated useful lives ranging between 10 and 45 years.

Budgeting

Budgets are adopted each year for both the General Fund and the Special Revenue Fund by the District's Board of Directors and are prepared using the same method of accounting as for financial reporting. The original budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund present the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Nospendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. LONG-TERM DEBT

	<u>Series 2010A Park</u>	<u>Series 2014</u>	<u>Series 2014A</u>
Amounts Outstanding – December 31, 2024	\$ 660,000	\$ 2,375,000	\$ 1,205,000
Interest Rates	5.25%	3.00% - 4.00%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2034	September 1, 2025/2040	September 1, 2025/2040
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2018*	September 1, 2022*	September 1, 2022*
	<u>Series 2014B Park</u>	<u>Series 2015 Refunding</u>	<u>Series 2016</u>
Amounts Outstanding – December 31, 2024	\$ 2,035,000	\$ 2,910,000	\$ 3,040,000
Interest Rates	3.00% - 3.75%	3.00% - 4.00%	2.00% - 3.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2040	September 1, 2025/2031	September 1, 2025/2040
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*

*Or any date thereafter, at a price of par plus accrued interest, on the principal amounts called to the date fixed for redemption. The Series 2014 bonds maturing September 1, 2035 and 2040 are term bonds and are scheduled for mandatory redemption beginning September 1, 2033 and 2036, respectively. The Series 2014A bonds maturing September 1, 2026, 2028, 2032, 2036 and 2040 are term bonds and are scheduled for mandatory redemption beginning September 1, 2024, 2027, 2029, 2033 and 2037, respectively. The Series 2014B bonds maturing September 1, 2028, 2030, 2032, 2034, 2036 and 2040 are term bonds and are scheduled for mandatory redemption beginning September 1, 2027, 2029, 2031, 2033, 2035 and 2037, respectively. The Series 2016 bonds maturing September 1, 2028, 2030, 2032 and 2040 are term bonds and are scheduled for mandatory redemption beginning September 1, 2027, 2029, 2031, and 2038, respectively.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2016 Refunding</u>	<u>Series 2017 Park</u>	<u>Series 2017A Refunding</u>
Amounts Outstanding – December 31, 2024	\$ 3,590,000	\$ 1,280,000	\$ 2,230,000
Interest Rates	4.00%	2.75% - 3.625%	3.00% - 3.125%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2034	September 1, 2025/2040	September 1, 2025/2034
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023**	September 1, 2024**	September 1, 2024**
	<u>Series 2019 Refunding</u>	<u>Series 2020 Refunding</u>	<u>Series 2024</u>
Amounts Outstanding – December 31, 2024	\$ 2,700,000	\$ 5,430,000	\$ 9,590,000
Interest Rates	3.00%	2.00% - 3.00%	3.25% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2037	March 1, 2025/2038	March 1, 2031/2043
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024**	September 1, 2026**	March 1, 2030**

**Or any date thereafter, at a price of par plus accrued interest, on the principal amounts called to the date fixed for redemption. The Series 2017 bonds maturing September 1, 2028, 2031, 2034, 2037, and 2040 are term bonds and are scheduled for mandatory redemption beginning September 1, 2025, 2029, 2032, 2035, and 2038, respectively. The Series 2019 bonds maturing September 1, 2034 and 2037 are term bonds and are scheduled for mandatory redemption beginning September 1, 2032 and 2035, respectively.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

Transactions regarding bonds payable for the current year are summarized in the following table:

	January 1, 2024	Additions	Retirements	December 31, 2024
Bonds Payable	\$ 30,035,000	\$ 9,590,000	\$ 2,580,000	\$ 37,045,000
Unamortized Premiums	614,655	14,189	57,756	571,088
Bonds Payable, Net	<u>\$ 30,649,655</u>	<u>\$ 9,604,189</u>	<u>\$ 2,637,756</u>	<u>\$ 37,616,088</u>
		Amount Due Within One Year		\$ 2,595,000
		Amount Due After One Year		<u>35,021,088</u>
		Bonds Payable, Net		<u>\$ 37,616,088</u>

Debt service requirements on the outstanding bonds are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2025	\$ 2,595,000	\$ 1,172,714	\$ 3,767,714
2026	2,625,000	1,130,952	3,755,952
2027	2,670,000	1,038,511	3,708,511
2028	2,685,000	958,164	3,643,164
2029	2,715,000	881,662	3,596,662
2030-2034	12,620,000	3,155,383	15,775,383
2035-2039	7,680,000	1,413,966	9,093,966
2040-2043	<u>3,455,000</u>	<u>240,451</u>	<u>3,695,451</u>
	<u>\$ 37,045,000</u>	<u>\$ 9,991,803</u>	<u>\$ 47,036,803</u>

The District has authorized but unissued bonds in the amount of \$66,325,000 for water, sewer and drainage purposes, \$22,785,000 for refunding purposes and \$3,785,000 for parks and recreational facilities. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended December 31, 2024, the District levied an ad valorem debt service tax rate of \$0.40 per \$100 of assessed valuation, which resulted in a tax levy of \$3,657,898 on the adjusted taxable valuation of \$914,474,479 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,605,690 and the bank balance was \$1,748,908. Of the bank balance, \$1,025,529 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository or secured by a line of credit.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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

	Cash
GENERAL FUND	\$ 647,768
SPECIAL REVENUE FUNDS	161,931
DEBT SERVICE FUND	795,960
CAPITAL PROJECTS FUND	31
TOTAL DEPOSITS	<u>\$ 1,605,690</u>

Investments

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 4,686,673	\$ 4,686,673
<u>DEBT SERVICE FUND</u>		
TexPool	1,847,021	1,847,021
<u>CAPITAL PROJECTS FUND</u>		
TexPool	4,617,028	4,617,028
<u>SPECIAL REVENUE FUND</u>		
TexPool	784,595	784,595
TOTAL INVESTMENTS	<u>\$ 11,935,317</u>	<u>\$ 11,935,317</u>

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have maturities of less than one year since the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in value.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for operating and capital activities related to the joint facilities.

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6. CAPITAL ASSETS

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

	January 1, 2024	Increases	Decreases	December 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,499,932	\$ 3,130	\$	\$ 3,503,062
Construction in Progress	27,833	410,788		438,621
Total Capital Assets Not Being Depreciated	<u>\$ 3,527,765</u>	<u>\$ 413,918</u>	<u>\$ - 0 -</u>	<u>\$ 3,941,683</u>
Capital Assets Subject to Depreciation				
Recreational Facilities	\$ 6,034,256	\$ 36,500	\$	\$ 6,070,756
Water System	13,996,527		21,832	13,974,695
Wastewater System	20,506,634	958,159	34,486	21,430,307
Drainage System	23,272,705	1,257,348	206,996	24,323,057
Total Capital Assets Subject to Depreciation	<u>\$ 63,810,122</u>	<u>\$ 2,252,007</u>	<u>\$ 263,314</u>	<u>\$ 65,798,815</u>
Accumulated Depreciation				
Recreational Facilities	\$ 1,747,914	\$ 223,172	\$	\$ 1,971,086
Water System	4,570,270	401,907		4,972,177
Wastewater System	6,373,450	456,474		6,829,924
Drainage System	6,779,435	535,758		7,315,193
Total Accumulated Depreciation	<u>\$ 19,471,069</u>	<u>\$ 1,617,311</u>	<u>\$ - 0 -</u>	<u>\$ 21,088,380</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,339,053</u>	<u>\$ 634,696</u>	<u>\$ 263,314</u>	<u>\$ 44,710,435</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 47,866,818</u></u>	<u><u>\$ 1,048,614</u></u>	<u><u>\$ 263,314</u></u>	<u><u>\$ 48,652,118</u></u>

NOTE 7. MAINTENANCE TAX

On May 15, 2004, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay costs of operating the District's facilities. During the current year, the District levied an ad valorem maintenance tax rate of \$0.27 per \$100 of assessed valuation, which resulted in a tax levy of \$2,469,081 on the adjusted taxable valuation of \$914,474,479 for the 2024 tax year.

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 carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9. FIRE PROTECTION AGREEMENT

The District is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. The District has prepared a detailed fire plan which has been approved by the Commission and the District's voters on November 6, 2007. The fire plan calls for a mandatory fee and monetary contribution to the City of Richmond, Texas ("Richmond"). Fire protection is currently provided to property in the District by Richmond, which operates a fire station on Mason Road, approximately three miles from the District. Pursuant to a Fire Protection Agreement, as amended, the District made capital contributions totaling \$189,463 towards a fire station. The Agreement additionally calls for the District to pay a monthly charge that will be adjusted by 100% of the increase, if any, between the most recently published Consumer Price Index ("CPI") and the CPI for the proceeding calendar year, in a monthly amount not to exceed \$15.00 per unit. When and if the District is annexed by the City of Houston, and dissolved, this Fire Protection agreement with Richmond terminates. As of the end of the current fiscal year, the fee was \$14.80. Under the District's rate order in effect as of December 31, 2024, each equivalent residential connection was charged \$14.80 per month and each commercial connection was billed \$14.80 per 2,000 square feet or part thereof of building floor area. During the current fiscal year, the District recorded fire protection service revenues of \$396,453 and fire protection service costs of \$404,711.

NOTE 10. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created by the Texas Legislature in 2005 for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. As of year end, the Authority charges a fee of \$4.55 per 1,000 gallons of water pumped from each well and \$4.90 per 1,000 gallons of surface water delivered. During the current fiscal year, the District paid the Authority \$220,338 for pumpage fees and \$2,204,617 for purchased surface water. Fort Bend County Municipal Utility District No. 194 pays its share of pumpage and surface water fees through joint facilities costs paid to the District.

On November 17, 2016, the District, District No. 194, and the Authority entered into an agreement to construct wastewater effluent treatment facilities for the purpose of providing a non-potable water source for the irrigation and make-up water to property located within the districts. The facilities are owned by the Authority but operated and maintained by the District. The districts will receive a 10% plus \$0.30 discount off the Authority's groundwater pumpage fees for each 1,000 gallons of reclaimed water delivered to the irrigation system.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement (the “SPA”) with the City of Houston (the “City”), effective December 20, 2007, and amended May 8, 2012 to add additional commercial property, pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a “limited purpose annexation” of that portion of the District developed for retail and commercial purposes in order to apply certain City health, safety, planning, and zoning ordinances within the District. Residential development within the District is not subject to the limited purpose annexation. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City for limited purposes and the City has imposed a one percent sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. The SPA also provides that the City will not annex the District for “full purposes” for at least 30 years. Also, as a condition to full purpose annexation under the SPA, any reimbursement obligations due to a developer by the District for water, wastewater, and drainage facilities must be assumed by the City to maximum extent permitted by Commission rules. The District recognized \$89,713 in relation to this agreement during the current fiscal year and \$22,796 was recorded as a receivable at the end of the year.

NOTE 12. COST SHARING AGREEMENT FOR SECURITY SERVICES

On October 1, 2015, the District entered into a Cost Sharing Agreement for Regional Security Services with District No. 194. This agreement was most recently amended on October 1, 2021, and sets forth the terms detailing each district’s obligation for security costs. The districts pay Fort Bend County to provide security services in accordance with an Interlocal Agreement for Additional Law Enforcement Services which was most recently executed on November 12, 2024. The District’s share of security costs for the current year totaled \$199,585.

NOTE 13. WATER SUPPLY CONTRACT

On April 12, 2017, the District executed a contract for the construction and operations of a water supply interconnect with Fort Bend County Municipal Utility District No. 118 (“District No. 118”). District No. 118 owns the interconnect for the benefit of both districts and each district is responsible for one-half of the costs of maintaining the facilities on its side of the interconnect. The districts agree to furnish water to each other on an emergency basis. The receiving district pays for water at the rate of \$1.00 per 1,000 gallons received, plus any Authority fees imposed on the supplying district. The term of the agreement is 40 years.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14. CONTRACT FOR OPERATION OF REGIONAL FACILITIES

On November 12, 2008, the District entered into a Contract for Financing, Operation, and Maintenance of Regional Facilities (Master District Facilities) with Fort Bend County Municipal Utility District No. 194 (“District No. 194”). This agreement was amended and restated effective on January 1, 2011, and subsequently supplemented on May 13, 2015, and again on December 13, 2017. The District will be known as the Master District and will acquire, construct, extend, own, operate, and maintain the Master District Facilities to meet the needs of the participants. The Master District finances the capital costs of the water, wastewater and drainage facilities and each district is responsible for their Regional Share, as defined in the Contract, based on the number of active connections. Detention facilities costs will be shared based on the number of acres within each participant’s boundaries to be served by the Master District’s drainage system. Authority fees are allocated based on consumption and security costs are split 50/50. All other operation and maintenance costs are allocated to the participants based on active connections. The term of this agreement is 40 years. The District advanced \$181,661 as an operating reserve and incurred operating charges of \$2,477,548 during the current fiscal year.

NOTE 15. UNREIMBURSED COSTS

Developers within the District have made expenditures on behalf of the District for various projects as well as made operating advances to the District. Reimbursements are expected to come from the proceeds of future bond sales. Current year activity is as follows:

Due to Developers, January 1, 2024	\$ 5,561,135
Add: Current Year Additions	1,955,323
Less: Current Year Reimbursements	<u>(3,934,762)</u>
Due to Developers, December 31, 2024	<u>\$ 3,581,696</u>

NOTE 16. BOND SALE AND SUBSEQUENT EVENT

On October 15, 2024, the District closed on the sale of its \$9,590,000 Unlimited Tax Bonds, Series 2024. Proceeds of the bonds were used to reimburse the developer for Bellfort Farms, Section 1 utilities construction costs as well as land and developer interest. Bond proceeds also funded water and wastewater system improvements and bond issuance costs.

The District is preparing bond application no. 16 for the issuance of utility bonds which is anticipated to take place in 2025.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,998,606	\$ 1,969,970	\$ (28,636)
Water Service	712,160	924,928	212,768
Wastewater Service	599,020	541,675	(57,345)
Fire Protection Service	385,020	396,453	11,433
Water Authority Fees	1,485,000	1,353,542	(131,458)
Penalty and Interest	40,000	28,362	(11,638)
Connection, Inspection, and Other Service Fees	153,240	254,194	100,954
Sales Tax Revenues	120,000	89,713	(30,287)
Investment and Miscellaneous Revenues	116,800	348,377	231,577
TOTAL REVENUES	<u>\$ 5,609,846</u>	<u>\$ 5,907,214</u>	<u>\$ 297,368</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 266,500	\$ 390,962	\$ (124,462)
Contracted Services	428,980	450,329	(21,349)
Joint Facilities Costs	2,166,746	2,477,548	(310,802)
Fire Protection Service	385,020	404,711	(19,691)
Repairs and Maintenance	1,077,000	1,354,961	(277,961)
Other	260,704	367,360	(106,656)
Capital Outlay	312,000	129,682	182,318
TOTAL EXPENDITURES	<u>\$ 4,896,950</u>	<u>\$ 5,575,553</u>	<u>\$ (678,603)</u>
NET CHANGE IN FUND BALANCE	\$ 712,896	\$ 331,661	\$ (381,235)
FUND BALANCE - JANUARY 1, 2024	<u>5,288,011</u>	<u>5,288,011</u>	<u></u>
FUND BALANCE - DECEMBER 31, 2024	<u>\$ 6,000,907</u>	<u>\$ 5,619,672</u>	<u>\$ (381,235)</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL –
SPECIAL REVENUE FUND - OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Joint Facilities Revenues	\$ 3,594,020	\$ 4,050,418	\$ 456,398
Investment and Miscellaneous Revenues	<u> </u>	<u>1,900</u>	<u>1,900</u>
TOTAL REVENUES	<u>\$ 3,594,020</u>	<u>\$ 4,052,318</u>	<u>\$ 458,298</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 22,500	\$ 16,649	\$ 5,851
Contracted Services	357,750	310,883	46,867
Utilities	180,600	176,705	3,895
Water Authority Costs	2,448,000	2,424,955	23,045
Repairs and Maintenance	459,500	929,346	(469,846)
Other	125,670	143,004	(17,334)
Capital Outlay	<u> </u>	<u>50,776</u>	<u>(50,776)</u>
TOTAL EXPENDITURES	<u>\$ 3,594,020</u>	<u>\$ 4,052,318</u>	<u>\$ (458,298)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - JANUARY 1, 2024	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2024	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

The following rates are based on the rate order approved August 12, 2024.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 27.00	10,000	N	\$ 1.50	10,001 to 15,000
				\$ 2.00	15,001 to 20,000
				\$ 2.60	20,001 to 25,000
				\$ 3.20	25,001 to 35,000
				\$ 3.80	35,001 to 45,000
				\$ 4.40	45,001 and up

WASTEWATER: \$ 22.54 N/A Y

SURCHARGE:

Solid Waste/ Garbage	Included in Wastewater Fees above
Water Authority Fees	\$4.90 per 1,000 gallons of water
Fire Protection Services	\$ 14.80

District employs winter averaging for wastewater usage?

 X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$27.00 Wastewater: \$22.54 Surcharge: \$63.80

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2024

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,679	1,675	x 1.0	1,675
1"	269	269	x 2.5	673
1½"	8	8	x 5.0	40
2"	46	46	x 8.0	368
3"	3	3	x 15.0	45
4"	3	3	x 25.0	75
6"	12	12	x 50.0	600
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	2,022	2,018		3,636
Total Wastewater Connections	1,876	1,873	x 1.0	1,873

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND:

Gallons pumped into system:	48,433,000	Water Accountability Ratio: 95.3% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	409,544,000	From: North Fort Bend Water Authority
Gallons billed to customers:	275,569,000	
Gallons sold:	161,010,000	To: Fort Bend County Municipal Utility District No. 194

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 21,500
Engineering	167,904
Legal	201,558
TOTAL PROFESSIONAL FEES	<u>\$ 390,962</u>
JOINT FACILITIES COSTS	<u>\$ 2,477,548</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 39,463
Operations and Billing	47,181
Solid Waste Disposal	363,685
TOTAL CONTRACTED SERVICES	<u>\$ 450,329</u>
UTILITIES	<u>\$ 10,844</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,354,961</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes and Administration	\$ 29,040
Insurance	6,040
Office Supplies and Postage	31,922
Travel and Meetings	9,672
Website and Other	21,133
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 97,807</u>
CAPITAL OUTLAY	<u>\$ 129,682</u>
FIRE PROTECTION SERVICES	<u>\$ 404,711</u>
OTHER EXPENDITURES:	
Consulting and Management Services	\$ 10,550
Laboratory Fees	31,463
Permit Fees	15,216
Inspection, Connection and Transfer Fees	194,393
Regulatory Assessment	7,087
TOTAL OTHER EXPENDITURES	<u>\$ 258,709</u>
TOTAL EXPENDITURES	<u><u>\$ 5,575,553</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
INVESTMENTS
DECEMBER 31, 2024

<u>Funds</u>	<u>Account Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,708,159	\$
TexPool	XXXX0004	Varies	Daily	978,514	
TOTAL GENERAL FUND				<u>\$ 4,686,673</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 1,847,021</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0008	Varies	Daily	<u>\$ 4,617,028</u>	<u>\$ -0-</u>
<u>SPECIAL REVENUE FUND</u>					
TexPool	XXXX0005	Varies	Daily	\$ 179,442	\$
TexPool	XXXX0006	Varies	Daily	258	
TexPool	XXXX0007	Varies	Daily	604,895	
TOTAL SPECIAL REVENUE FUND				<u>\$ 784,595</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 11,935,317</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JANUARY 1, 2024	\$ 1,819,136		\$ 3,641,580	
Adjustments to Beginning Balance	<u>(50,403)</u>	\$ 1,768,733	<u>(96,965)</u>	\$ 3,544,615
Original 2024 Tax Levy	\$ 2,463,382		\$ 3,649,455	
Adjustment to 2024 Tax Levy	<u>5,699</u>	<u>2,469,081</u>	<u>8,443</u>	<u>3,657,898</u>
TOTAL TO BE ACCOUNTED FOR		\$ 4,237,814		\$ 7,202,513
TAX COLLECTIONS:				
Prior Years	\$ 1,740,384		\$ 3,485,566	
Current Year	<u>308,225</u>	<u>2,048,609</u>	<u>456,630</u>	<u>3,942,196</u>
TAXES RECEIVABLE - DECEMBER 31, 2024		<u>\$ 2,189,205</u>		<u>\$ 3,260,317</u>
TAXES RECEIVABLE BY YEAR:				
2024		\$ 2,160,856		\$ 3,201,268
2023		5,590		11,180
2022		8,815		13,648
2021		4,039		8,855
2020		3,402		7,917
2019		1,909		4,331
2018		1,369		3,106
2017 and prior		<u>3,225</u>		<u>10,012</u>
TOTAL		<u>\$ 2,189,205</u>		<u>\$ 3,260,317</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 192,951,179	\$ 143,409,858	\$ 139,591,516	\$ 135,004,253
Improvements	871,115,723	849,640,293	740,408,457	550,346,925
Personal Property	14,735,884	20,942,124	17,487,434	12,148,210
Exemptions	<u>(164,328,307)</u>	<u>(171,008,261)</u>	<u>(148,954,482)</u>	<u>(52,246,898)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 914,474,479</u>	<u>\$ 842,984,014</u>	<u>\$ 748,532,925</u>	<u>\$ 645,252,490</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.40	\$ 0.48	\$ 0.48	\$ 0.57
Maintenance	<u>0.27</u>	<u>0.24</u>	<u>0.31</u>	<u>0.26</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.67</u>	<u>\$ 0.72</u>	<u>\$ 0.79</u>	<u>\$ 0.83</u>
ADJUSTED TAX LEVY*	<u>\$ 6,126,979</u>	<u>\$ 6,069,485</u>	<u>\$ 5,913,410</u>	<u>\$ 5,355,596</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>12.48 %</u>	<u>99.72 %</u>	<u>99.62 %</u>	<u>99.76 %</u>
	**			

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 15, 2004.

** Taxes were in the process of collection at fiscal year-end and were more than 98% collected as of the date of this report.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 0 A P A R K				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 50,000	\$ 34,650	\$	84,650
2026	55,000	32,025		87,025
2027	60,000	29,138		89,138
2028	60,000	25,987		85,987
2029	65,000	22,838		87,838
2030	65,000	19,425		84,425
2031	70,000	16,012		86,012
2032	75,000	12,338		87,338
2033	80,000	8,400		88,400
2034	80,000	4,200		84,200
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
	<u>\$ 660,000</u>	<u>\$ 205,013</u>	<u>\$</u>	<u>865,013</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 4				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 150,000	\$ 89,187	\$	239,187
2026	150,000	84,688		234,688
2027	150,000	79,437		229,437
2028	150,000	74,188		224,188
2029	150,000	68,937		218,937
2030	150,000	63,687		213,687
2031	150,000	58,250		208,250
2032	150,000	52,625		202,625
2033	150,000	47,000		197,000
2034	150,000	41,000		191,000
2035	150,000	35,000		185,000
2036	145,000	29,000		174,000
2037	145,000	23,200		168,200
2038	145,000	17,400		162,400
2039	145,000	11,600		156,600
2040	145,000	5,800		150,800
2041				
2042				
2043				
	<u>\$ 2,375,000</u>	<u>\$ 780,999</u>	<u>\$</u>	<u>3,155,999</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 4 A				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 80,000	\$ 40,275	\$	120,275
2026	75,000	37,875		112,875
2027	75,000	35,625		110,625
2028	75,000	33,375		108,375
2029	75,000	31,125		106,125
2030	75,000	28,781		103,781
2031	75,000	26,438		101,438
2032	75,000	24,094		99,094
2033	75,000	21,750		96,750
2034	75,000	19,125		94,125
2035	75,000	16,500		91,500
2036	75,000	13,875		88,875
2037	75,000	11,250		86,250
2038	75,000	8,437		83,437
2039	75,000	5,625		80,625
2040	75,000	2,813		77,813
2041				
2042				
2043				
	<u>\$ 1,205,000</u>	<u>\$ 356,963</u>	<u>\$</u>	<u>1,561,963</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 4 B P A R K				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 130,000	\$ 68,262	\$	198,262
2026	130,000	64,363		194,363
2027	130,000	60,462		190,462
2028	130,000	56,563		186,563
2029	130,000	52,662		182,662
2030	130,000	48,600		178,600
2031	130,000	44,538		174,538
2032	125,000	40,312		165,312
2033	125,000	36,250		161,250
2034	125,000	32,031		157,031
2035	125,000	27,813		152,813
2036	125,000	23,281		148,281
2037	125,000	18,750		143,750
2038	125,000	14,062		139,062
2039	125,000	9,375		134,375
2040	125,000	4,688		129,688
2041				
2042				
2043				
	<u>\$ 2,035,000</u>	<u>\$ 602,012</u>	<u>\$</u>	<u>2,637,012</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 5 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 390,000	\$ 101,469	\$ 491,469
2026	400,000	85,869	485,869
2027	410,000	69,869	479,869
2028	415,000	53,469	468,469
2029	425,000	41,019	466,019
2030	430,000	27,737	457,737
2031	440,000	14,300	454,300
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 2,910,000</u>	<u>\$ 393,732</u>	<u>\$ 3,303,732</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 6				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 190,000	\$ 88,112	\$	278,112
2026	190,000	84,313		274,313
2027	190,000	80,037		270,037
2028	190,000	75,288		265,288
2029	190,000	70,537		260,537
2030	190,000	65,313		255,313
2031	190,000	60,087		250,087
2032	190,000	54,388		244,388
2033	190,000	48,687		238,687
2034	190,000	42,988		232,988
2035	190,000	37,287		227,287
2036	190,000	31,588		221,588
2037	190,000	25,887		215,887
2038	190,000	19,950		209,950
2039	190,000	13,300		203,300
2040	190,000	6,650		196,650
2041				
2042				
2043				
	<u>\$ 3,040,000</u>	<u>\$ 804,412</u>	<u>\$</u>	<u>3,844,412</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 6 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 375,000	\$ 143,600	\$ 518,600
2026	375,000	128,600	503,600
2027	370,000	113,600	483,600
2028	365,000	98,800	463,800
2029	365,000	84,200	449,200
2030	360,000	69,600	429,600
2031	355,000	55,200	410,200
2032	350,000	41,000	391,000
2033	340,000	27,000	367,000
2034	335,000	13,400	348,400
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 3,590,000</u>	<u>\$ 775,000</u>	<u>\$ 4,365,000</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 7 P A R K				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 80,000	\$ 40,300	\$	120,300
2026	80,000	38,100		118,100
2027	80,000	35,900		115,900
2028	80,000	33,700		113,700
2029	80,000	31,500		111,500
2030	80,000	29,100		109,100
2031	80,000	26,700		106,700
2032	80,000	24,300		104,300
2033	80,000	21,700		101,700
2034	80,000	19,100		99,100
2035	80,000	16,500		96,500
2036	80,000	13,900		93,900
2037	80,000	11,300		91,300
2038	80,000	8,700		88,700
2039	80,000	5,800		85,800
2040	80,000	2,900		82,900
2041				
2042				
2043				
	<u>\$ 1,280,000</u>	<u>\$ 359,500</u>	<u>\$</u>	<u>1,639,500</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 7 A R E F U N D I N G				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2025	\$ 220,000	\$ 67,468	\$	287,468
2026	220,000	60,869		280,869
2027	220,000	54,268		274,268
2028	220,000	47,669		267,669
2029	225,000	41,069		266,069
2030	220,000	34,318		254,318
2031	225,000	27,719		252,719
2032	225,000	20,969		245,969
2033	225,000	14,219		239,219
2034	230,000	7,188		237,188
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
	<u>\$ 2,230,000</u>	<u>\$ 375,756</u>	<u>\$</u>	<u>2,605,756</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 1 9 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 725,000	\$ 81,000	\$ 806,000
2026	745,000	59,250	804,250
2027	120,000	36,900	156,900
2028	120,000	33,300	153,300
2029	115,000	29,700	144,700
2030	115,000	26,250	141,250
2031	115,000	22,800	137,800
2032	110,000	19,350	129,350
2033	110,000	16,050	126,050
2034	110,000	12,750	122,750
2035	105,000	9,450	114,450
2036	105,000	6,300	111,300
2037	105,000	3,150	108,150
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 2,700,000</u>	<u>\$ 356,250</u>	<u>\$ 3,056,250</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 2 0 R E F U N D I N G				
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total	
2025	\$ 205,000	\$ 111,300	\$	316,300
2026	205,000	105,150		310,150
2027	865,000	93,425		958,425
2028	880,000	75,975		955,975
2029	895,000	58,225		953,225
2030	915,000	40,125		955,125
2031	500,000	25,975		525,975
2032	145,000	19,525		164,525
2033	145,000	16,625		161,625
2034	140,000	13,688		153,688
2035	140,000	10,625		150,625
2036	135,000	7,531		142,531
2037	130,000	4,550		134,550
2038	130,000	1,544		131,544
2039				
2040				
2041				
2042				
2043				
	<u>\$ 5,430,000</u>	<u>\$ 584,263</u>	<u>\$</u>	<u>6,014,263</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

S E R I E S - 2 0 2 4			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$	\$ 307,091	\$ 307,091
2026		349,850	349,850
2027		349,850	349,850
2028		349,850	349,850
2029		349,850	349,850
2030		349,850	349,850
2031	750,000	337,663	1,087,663
2032	750,000	313,288	1,063,288
2033	750,000	288,444	1,038,444
2034	750,000	263,131	1,013,131
2035	750,000	237,818	987,818
2036	750,000	212,037	962,037
2037	750,000	185,318	935,318
2038	750,000	157,663	907,663
2039	750,000	128,600	878,600
2040	750,000	98,600	848,600
2041	750,000	68,600	818,600
2042	750,000	38,600	788,600
2043	590,000	11,800	601,800
	<u>\$ 9,590,000</u>	<u>\$ 4,397,903</u>	<u>\$ 13,987,903</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

ANNUAL REQUIREMENTS FOR ALL SERIES			
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 2,595,000	\$ 1,172,714	\$ 3,767,714
2026	2,625,000	1,130,952	3,755,952
2027	2,670,000	1,038,511	3,708,511
2028	2,685,000	958,164	3,643,164
2029	2,715,000	881,662	3,596,662
2030	2,730,000	802,786	3,532,786
2031	3,080,000	715,682	3,795,682
2032	2,275,000	622,189	2,897,189
2033	2,270,000	546,125	2,816,125
2034	2,265,000	468,601	2,733,601
2035	1,615,000	390,993	2,005,993
2036	1,605,000	337,512	1,942,512
2037	1,600,000	283,405	1,883,405
2038	1,495,000	227,756	1,722,756
2039	1,365,000	174,300	1,539,300
2040	1,365,000	121,451	1,486,451
2041	750,000	68,600	818,600
2042	750,000	38,600	788,600
2043	590,000	11,800	601,800
	<u>\$ 37,045,000</u>	<u>\$ 9,991,803</u>	<u>\$ 47,036,803</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
CHANGES IN LONG-TERM BOND DEBT
DECEMBER 31, 2024

Description	Original Bonds Issued	Bonds Outstanding January 1, 2024
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Park Bonds - Series 2010A	\$ 1,185,000	\$ 710,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Bonds - Series 2014	3,880,000	2,525,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Bonds - Series 2014A	2,000,000	1,285,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Park Bonds - Series 2014B	3,330,000	2,165,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Refunding Bonds - Series 2015	6,245,000	3,290,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Bonds - Series 2016	4,765,000	3,230,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Refunding Bonds - Series 2016	4,550,000	3,980,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Park Bonds - Series 2017	1,900,000	1,360,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Refunding Bonds - Series 2017A	3,870,000	2,450,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Refunding Bonds - Series 2019	3,775,000	3,405,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Refunding Bonds - Series 2020	6,625,000	5,635,000
Fort Bend County Municipal Utility District No. 146 Unlimited Tax Bonds - Series 2024	9,590,000	
TOTAL	<u>\$ 51,715,000</u>	<u>\$ 30,035,000</u>

See accompanying independent auditor's report.

Current Year Transactions					
	Retirements		Bonds Outstanding		
Bonds Sold	Principal	Interest	December 31, 2024	Paying Agent	
\$	\$ 50,000	\$ 37,275	\$ 660,000	US Bank, N.A. Houston, TX	
	150,000	93,688	2,375,000	US Bank, N.A. Houston, TX	
	80,000	42,675	1,205,000	US Bank, N.A. Houston, TX	
	130,000	72,163	2,035,000	US Bank, N.A. Houston, TX	
	380,000	116,669	2,910,000	US Bank, N.A. Houston, TX	
	190,000	91,913	3,040,000	US Bank, N.A. Houston, TX	
	390,000	155,300	3,590,000	US Bank, N.A. Houston, TX	
	80,000	42,300	1,280,000	US Bank, N.A. Houston, TX	
	220,000	74,069	2,230,000	US Bank, N.A. Houston, TX	
	705,000	102,150	2,700,000	US Bank, N.A. Houston, TX	
	205,000	117,450	5,430,000	US Bank, N.A. Houston, TX	
9,590,000			9,590,000	US Bank, N.A. Dallas, TX	
\$ 9,590,000	\$ 2,580,000	\$ 945,652	\$ 37,045,000		

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
CHANGES IN LONG-TERM BOND DEBT
DECEMBER 31, 2024

Bond Authority:	<u>Tax Bonds (Utilities)</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 126,000,000	\$ 24,300,000	\$ 10,200,000
Amount Issued	<u>59,675,000</u>	<u>1,515,000</u>	<u>6,415,000</u>
Remaining to be Issued	<u>\$ 66,325,000</u>	<u>\$ 22,785,000</u>	<u>\$ 3,785,000</u>

Debt Service Fund cash and investment balances as of December 31, 2024:	<u>\$ 2,642,981</u>
---	---------------------

Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,475,621</u>
--	---------------------

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,969,970	\$ 2,262,933	\$ 1,663,747
Water Service	924,928	821,090	724,566
Wastewater Service	541,675	513,607	486,019
Fire Protection Service	396,453	373,887	336,254
Water Authority Fees	1,353,542	1,585,546	1,517,641
Penalty and Interest	28,362	39,506	37,338
Connection, Inspection, and Other Service Fees	254,194	80,092	245,744
Sales Tax Revenues	89,713	102,925	118,797
Investment and Miscellaneous Revenues	348,377	314,054	128,698
TOTAL REVENUES	\$ 5,907,214	\$ 6,093,640	\$ 5,258,804
EXPENDITURES			
Professional Fees	\$ 390,962	\$ 332,566	\$ 322,242
Contracted Services	450,329	446,203	373,328
Joint Facilities Costs	2,477,548	2,267,197	2,205,955
Fire Protection Service	404,711	382,346	343,308
Repairs and Maintenance	1,354,961	1,551,098	1,058,924
Other	367,360	206,038	312,156
Capital Outlay	129,682	176,421	586,454
TOTAL EXPENDITURES	\$ 5,575,553	\$ 5,361,869	\$ 5,202,367
EXCESS OF REVENUES OVER EXPENDITURES	\$ 331,661	\$ 731,771	\$ 56,437
OTHER FINANCING USES			
Transfers Out	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 331,661	\$ 731,771	\$ 56,437
BEGINNING FUND BALANCE	5,288,011	4,556,240	4,499,803
ENDING FUND BALANCE	\$ 5,619,672	\$ 5,288,011	\$ 4,556,240

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2021	2020	2024	2023	2022	2021	2020		
\$ 1,534,406	\$ 1,560,902	33.3 %	37.1 %	31.6 %	36.5 %	35.7 %		
622,452	649,657	15.7	13.5	13.8	14.8	15.0		
473,216	473,080	9.2	8.4	9.2	11.3	10.9		
314,226	308,150	6.7	6.1	6.4	7.5	7.1		
1,047,518	1,127,721	22.9	26.0	28.9	24.9	26.0		
24,787	24,246	0.5	0.6	0.7	0.6	0.6		
22,072	24,092	4.3	1.3	4.7	0.5	0.6		
119,252	94,126	1.5	1.7	2.3	2.8	2.2		
44,953	80,539	5.9	5.3	2.4	1.1	1.9		
<u>\$ 4,202,882</u>	<u>\$ 4,342,513</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 304,989	\$ 237,416	6.7 %	5.5 %	6.1 %	7.4 %	5.5 %		
366,189	388,054	7.6	7.3	7.1	8.7	8.9		
1,909,169	1,864,912	41.9	37.2	41.9	45.4	42.9		
320,913	314,679	6.9	6.3	6.5	7.6	7.2		
688,637	584,883	22.9	25.5	20.1	16.4	13.5		
279,365	239,197	6.2	3.4	5.9	6.6	5.5		
142,109	612,299	2.2	2.9	11.2	3.4	14.1		
<u>\$ 4,011,371</u>	<u>\$ 4,241,440</u>	<u>94.4 %</u>	<u>88.1 %</u>	<u>98.8 %</u>	<u>95.5 %</u>	<u>97.6 %</u>		
<u>\$ 191,511</u>	<u>\$ 101,073</u>	<u>5.6 %</u>	<u>11.9 %</u>	<u>1.2 %</u>	<u>4.5 %</u>	<u>2.4 %</u>		
<u>\$ -0-</u>	<u>\$ (6,819)</u>							
\$ 191,511	\$ 94,254							
4,308,292	4,214,038							
<u>\$ 4,499,803</u>	<u>\$ 4,308,292</u>							

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 3,944,738	\$ 3,504,632	\$ 3,647,089
Penalty and Interest	18,977	15,835	19,622
Investment and Miscellaneous Revenues	<u>172,194</u>	<u>125,293</u>	<u>33,632</u>
TOTAL REVENUES	<u>\$ 4,135,909</u>	<u>\$ 3,645,760</u>	<u>\$ 3,700,343</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 92,811	\$ 107,789	\$ 79,395
Debt Service Principal	2,580,000	2,545,000	2,515,000
Debt Service Interest and Fees	951,802	1,018,213	1,098,150
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 3,624,613</u>	<u>\$ 3,671,002</u>	<u>\$ 3,692,545</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 511,296</u>	<u>\$ (25,242)</u>	<u>\$ 7,798</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Issuance of Refunding Bonds	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 511,296	\$ (25,242)	\$ 7,798
BEGINNING FUND BALANCE	<u>1,356,794</u>	<u>1,382,036</u>	<u>1,374,238</u>
ENDING FUND BALANCE	<u>\$ 1,868,090</u>	<u>\$ 1,356,794</u>	<u>\$ 1,382,036</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,018</u>	<u>1,935</u>	<u>1,909</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,873</u>	<u>1,803</u>	<u>1,776</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 3,570,007	\$ 3,542,046	95.3 %	96.2 %	98.6 %	99.3 %	98.5 %
26,779	33,327	0.5	0.4	0.5	0.7	0.9
1,421	20,354	4.2	3.4	0.9		0.6
<u>\$ 3,598,207</u>	<u>\$ 3,595,727</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 84,368	\$ 82,888	2.2 %	3.0 %	2.1 %	2.3 %	2.3 %
2,560,000	2,365,000	62.4	69.8	68.0	71.1	65.8
1,173,797	1,271,381	23.0	27.9	29.7	32.6	35.4
	234,309					6.5
	3,000					0.1
<u>\$ 3,818,165</u>	<u>\$ 3,956,578</u>	<u>87.6 %</u>	<u>100.7 %</u>	<u>99.8 %</u>	<u>106.0 %</u>	<u>110.1 %</u>
<u>\$ (219,958)</u>	<u>\$ (360,851)</u>	<u>12.4 %</u>	<u>(0.7) %</u>	<u>0.2 %</u>	<u>(6.0) %</u>	<u>(10.1) %</u>
\$	\$ 6,625,000					
	(6,514,881)					
	125,401					
<u>\$ - 0 -</u>	<u>\$ 235,520</u>					
\$ (219,958)	\$ (125,331)					
1,594,196	1,719,527					
<u>\$ 1,374,238</u>	<u>\$ 1,594,196</u>					
<u>1,842</u>	<u>1,842</u>					
<u>1,715</u>	<u>1,716</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2024

District Mailing Address - Fort Bend County Municipal Utility District No. 146
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>December 31, 2024</u>	Expense Reimbursements for the year ended <u>December 31, 2024</u>	<u>Title</u>
Richard Stolleis	05/2024 05/2028 (Elected)	\$ 5,746	\$ 1,856	President
Thomas J. Kolb	05/2022 05/2026 (Elected)	\$ 3,757	\$ -0-	Vice President
Robert Kirkwood	05/2022 05/2026 (Elected)	\$ 3,978	\$ 934	Assistant Vice President
Craig Kalkomey	05/2024 05/2028 (Elected)	\$ 3,094	\$ -0-	Secretary
Alfred White	05/2024 05/2028 (Elected)	\$ 7,200	\$ 3,137	Assistant Secretary

Notes: No Director has any business or family relationships with major landowners in the District, with the District's developers or with any of the District's consultants which would disqualify them from serving on the board. The Directors have made all necessary disclosures pursuant to Chapter 176 of the Local Government Code.

Submission date of most recent District Registration Form: October 18, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution dated April 16, 2004 and state law. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2024

Consultants:	<u>Date Hired</u>	<u>District Fees/ Compensation for the year ended December 31, 2024</u>	<u>Joint Facilities Fees/ Compensation for the year ended December 31, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	03/10/04	\$ 202,518 \$ 241,416	\$ 10,649	General Counsel Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	11/12/04	\$ 21,500 \$ 20,000	\$ 6,000	Auditor Bond Related
McLennan & Associates, L.P.	03/10/04	\$ 45,134	\$ 19,333	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/11/05	\$ 4,276	\$ -0-	Delinquent Tax Attorney
Pape-Dawson Engineers, LLC (previously Costello, Inc.)	03/10/04	\$ 228,183	\$ 50,776	Engineer
Masterson Advisors LLC	06/13/18	\$ 171,932	\$ -0-	Financial Advisor
Jorge Diaz	12/14/16	\$ -0-	\$ -0-	Investment Officer
Si Environmental LLC	10/14/24	\$ 51,219	\$ 41,330	Operator
Environmental Development Partners (an Inframark company)	06/01/12	\$ 599,032	\$ 660,502	Former Operator
Tax Tech, Inc.	04/16/04	\$ 34,423	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.