

OFFICIAL STATEMENT DATED FEBRUARY 19, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE “TAX MATTERS” HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE BONDS **HAVE NOT** BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE – Book-Entry-Only

Insured Ratings (AG): S&P “AA” (stable outlook)
 Moody’s “A1” (stable outlook)
 Underlying Rating: Moody’s “Baa2”
 See “MUNICIPAL BOND RATING” and
 “MUNICIPAL BOND INSURANCE” herein.

\$9,000,000

IMPERIAL REDEVELOPMENT DISTRICT

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

UNLIMITED TAX BONDS, SERIES 2026

Dated: March 1, 2026

Due: May 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the bonds described above (the “Bonds”) will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrars, initially The Bank of New York Mellon Trust Company, N.A. (the “Paying Agent/Registrar,” “Paying Agent” or “Registrar”) in Houston, Texas. Interest on the Bonds accrues from the date of delivery (expected on or about March 24, 2026) (the “Date of Delivery”) and is payable on November 1, 2026 and on each May 1 and November 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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 directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See “BOOK-ENTRY-ONLY SYSTEM.”



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. (“AG” or the “Insurer”).

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (May 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (May 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2027	\$ 285,000	5.00 %	2.51 %	45310C GC1	2038	\$ 385,000 (c)	4.00 %	3.51 %	45310C GP2
2028	295,000	5.00	2.56	45310C GD9	2039	395,000 (c)	4.00	3.66	45310C GQ0
2029	300,000	5.00	2.60	45310C GE7	2040	405,000 (c)	4.00	3.75	45310C GR8
2030	310,000	5.00	2.65	45310C GF4	***	***	***	***	***
2031	320,000	5.00	2.71	45310C GG2	2043	440,000 (c)	4.00	4.07	45310C GU1
2032	325,000	5.00	2.82	45310C GH0	2044	455,000 (c)	4.00	4.15	45310C GV9
2033	335,000 (c)	5.00	2.90	45310C GI6	2045	465,000 (c)	4.00	4.25	45310C GW7
2034	345,000 (c)	3.00	3.15	45310C GK3	2046	480,000 (c)	4.00	4.36	45310C GX5
2035	355,000 (c)	3.00	3.25	45310C GL1	2047	490,000 (c)	4.00	4.43	45310C GY3
2036	365,000 (c)	4.00	3.25	45310C GM9	2048	505,000 (c)	4.00	4.47	45310C GZ0
2037	375,000 (c)	4.00	3.37	45310C GN7	2049	520,000 (c)	4.00	4.48	45310C HA4

\$850,000 Term Bonds Due May 1, 2042 (c), 45310C GT4 (b), 4.00% Interest Rate, 4.00% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser.
- (b) CUSIP Numbers have been 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 Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on and after May 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on May 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”

The Bonds, when issued, will constitute valid and legally binding obligations of Imperial Redevelopment District (the “District”) and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Sugar Land or any entity other than the District. The Bonds are subject to special investment risks described herein. See “INVESTMENT CONSIDERATIONS.”

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, 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, Bond Counsel. Delivery of the Bonds through DTC is expected on or about March 24, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation 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, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of duplication costs.

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 Initial Purchaser and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

- The Issuer* Imperial Redevelopment District (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
- The Issue* \$9,000,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors and are authorized pursuant to the election held within the District. See “THE BONDS—Authority for Issuance.” The Bonds will be issued as fully registered bonds maturing on the years and in the amounts and paying interest at the rates shown on the cover hereof. The Bonds are scheduled to mature serially on May 1 in each of the years 2027 through 2040, both inclusive, 2043 through 2049, both inclusive, and as term bonds maturing on May 1, 2042 (the “Term Bonds”) in the principal amounts and accruing interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the date of delivery (expected to be on or about March 24, 2026) (the “Date of Delivery”) and is payable on November 1, 2026, and on each May 1 and November 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS—Redemption Provisions.”
- The Bonds maturing on and after May 1, 2033, 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 May 1, 2032, or on any date thereafter. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS.”
- Source of Payment* The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County (the “County”), the City of Sugar Land, Texas (the “City”) or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
- Authority for Issuance* The Bonds are the sixth series of bonds issued out of an aggregate of \$185,600,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding such bonds. The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 8150 of the Texas Special Districts Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, the Bond Resolution (as defined herein), approval by the City, and an election held within the District. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
- Payment Record* The District previously issued five series of unlimited tax bonds for water, sanitary sewer and drainage, of which \$26,975,000 principal amount is outstanding, three series of unlimited tax park bonds, of which \$13,825,000 principal amount is outstanding, and two series of unlimited tax road bonds, of which \$13,460,000 principal amount is outstanding, totaling \$54,260,000 principal amount outstanding (collectively referred to herein as the “Outstanding Unlimited Tax Bonds”) as of the date hereof. The District also has previously issued three series of contract revenue bonds in the combined principal amount of \$15,440,000, of which \$13,550,000 principal amount is currently outstanding (the “Outstanding Contract Revenue Bonds”) as of the date hereof. See “FINANCIAL STATEMENT—Outstanding Unlimited Tax Bonds.” The District has never defaulted on the payment of principal and interest on its previously issued bonds.

<i>Use of Proceeds</i>	Proceeds from the Bonds will be used to pay for the construction costs shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be used to pay operating advances and interest on funds advanced by the Developers (as defined herein) on behalf of the District; and to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Not Qualified Tax-Exempt Obligations</i>	The Bonds have not been designated as “qualified tax-exempt obligations” for financial institutions.
<i>Municipal Bond Rating and Municipal Bond Insurance</i>	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) is expected to assign a municipal bond insured rating of “AA” (stable outlook) and Moody’s Investors Service, Inc. (“Moody’s”) is expected to assign a municipal bond insured rating of “A1” (stable outlook), respectively, to this issue of the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Insurer”). Moody’s has also assigned an underlying rating of “Baa2” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Bond Counsel</i>	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT,” “LEGAL MATTERS,” and “TAX MATTERS.”
<i>Co-Financial Advisors</i>	Masterson Advisors LLC and Post Oak Municipal Advisors LLC, Houston, Texas. See “MANAGEMENT.”
<i>District Engineer</i>	LJA Engineering, Inc., Houston, Texas.
<i>Disclosure Counsel</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

<i>Description</i>	The District was created under Article XVI, Section 59 of the Texas Constitution by House Bill 3554, as passed by the 79 th Texas Legislature on June 18, 2005, and operates in accordance with Chapter 8150 of the Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended. The District also has the authority specified in Article III, Sections 52 and 52-a, and Article VIII, Section 1-g of the Texas Constitution. The District contains approximately 746 acres of land and is located in eastern Fort Bend County approximately 30 miles southwest of downtown Houston, Texas. Access to the District is provided via State Highway 6 and US Highway 90A. Generally, the District is bordered on the south by US Highway 90A, on the west by State Highway 6 and on the north by Voss Road. Oyster Creek winds through the District. The District lies entirely within the corporate boundaries of the City of Sugar Land, Texas (the “City”). See “THE DISTRICT” and “AERIAL PHOTOGRAPH.”
<i>Imperial</i>	The District is being developed as Imperial, a mixed-use community which is planned to include single-family and multi-family residential, retail, office and commercial development. The District includes a baseball stadium known as Constellation Field, which is the home of the Sugar Land Space Cowboys, the Triple-A affiliate of the Houston Astros.

Status of Development The District currently includes approximately 151 developed acres of single-family residential development (567 lots). As of January 1, 2026, the District contained 567 completed single-family homes, all of which were occupied, and 6 vacant developed lots. According to the District’s 2025 tax rolls, the average homestead value in the District is approximately \$642,094.

In addition to single-family residential development, two multi-family apartment developments are located on an aggregate of approximately 14 acres within the District: Imperial Lofts consisting of 254 units and Overture Sugar Land consisting of 200 units. According to property management, approximately 93% of units are occupied in Imperial Lofts and approximately 93% of units are occupied in Overture Sugar Land.

Commercial improvements have been constructed on an aggregate of approximately 44 acres within the District which includes a 7-Eleven gas station/convenience store, a children’s daycare facility, a self-storage facility, a portion of the Nalco Champion corporate offices and parking area, a banquet hall, a tutoring center, a restaurant, a local brewery, a behavioral health hospital, a McDonalds, and office condos. Approximately 2 acres of land are served with utilities, upon which no vertical improvements have been constructed to date.

Constellation Field has been constructed on approximately 27 acres within the District and the Fort Bend Children’s Discovery Center and the Sugar Land Heritage Museum and Visitor Center have been constructed on approximately one acre within the District. The land and improvements constructed on such acreage are owned by the City and are not subject to ad valorem taxation by the District.

The District also contains approximately 133 acres of developable land (including the 25 acres in the Imperial Historic District Tract, as defined herein) which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 46 acres have been developed as 45,000 feet of walking trails, parks and open spaces, and approximately 330 acres of land are undevelopable and contained in drainage easements, right-of-way, District plant sites, detention areas, City of Sugar Land surface water treatment plant, and drill sites. See “THE DISTRICT—Status of Development” and “THE DEVELOPERS AND MAJOR LANDOWNERS.”

The TIRZ..... By Ordinance No. 1667, dated December 18, 2007, the City created Reinvestment Zone Number Three, City of Sugar Land (the “TIRZ”) and adopted the Final Project Plan and Reinvestment Zone Financing Plan (the “TIRZ Plan”) for a term of thirty years. By Ordinances No. 1888, dated February 5, 2013, and No. 2064, dated August 16, 2016 (all ordinances collectively referred to as the “TIRZ Ordinances”), the City extended the term of the TIRZ to 2042 and amended the TIRZ Plan. The TIRZ covers approximately 839.4 acres, consisting of all the acreage in the District and some additional non-taxable right-of-way property. The TIRZ is intended to facilitate a program of public improvements to allow the District to be developed as a planned mixed-use community with single-family and multi-family residential, recreational facilities, a sports stadium, museums and other arts and entertainment venues, with associated parking, related water, sanitary sewer, drainage and road infrastructure, and the preservation and/or reuse of certain historic structures at the Imperial Sugar Company site.

The City and Fort Bend County (the “County”) have agreed to deposit to a special tax increment fund established by the City (the “Tax Increment Fund”) a portion of their tax collections arising from property within the TIRZ. The District has entered into a contract with the board of directors of the TIRZ and the governing body of the City that provides for the District to assist in implementing the TIRZ Plan. Under the contract, the District issues bonds payable from amounts it receives from the City from the Tax Increment Fund (the “Contract Revenue Bonds”) and uses proceeds of the Contract Revenue Bonds to finance certain components of the TIRZ Plan, with the remaining components of the Plan being financed through proceeds of the District’s unlimited tax bonds.

The District has previously issued three series of Contract Revenue Bonds in the combined principal amount of \$15,440,000, of which \$13,550,000 principal amount remains outstanding (the “Outstanding Contract Revenue Bonds”) as of the date hereof. The Outstanding Contract Revenue Bonds are payable solely from the amounts the District receives from the City from the Tax Increment Fund, and owners of the Outstanding Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. **The Bonds are not payable from the amounts received from the Tax Increment Fund.** See “REDEVELOPMENT AGREEMENT WITH THE CITY OF SUGAR LAND,” and “TAX INCREMENT REINVESTMENT ZONE.”

The Developers and Major Landowners

The majority of the developable land in the District was originally owned by Cherokee Sugar Land, L.P. (“Cherokee”), a Delaware limited partnership, and the General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund (the “GLO”) (Cherokee and GLO collectively, referred to as the “Landowners”). Cherokee was formed for the sole purpose of owning and developing the 746 acres of land in the District. Imperial Johnson LLC (“Imperial Johnson”), an affiliate of The Johnson Development Corp., is the Development Manager for GLO and Imperial Assets. Imperial Johnson is referred to herein as the “Development Manager.” In August 2023, Cherokee assigned all of its assets and receivables to Imperial Assets, LLC (“Imperial Assets”), an affiliate of The Johnson Development Corp. The Landowners have developed or sold a majority of their land in the District. Imperial Assets and the GLO currently own approximately 40 acres of undevelopable land in the District.

In 2014, Meritage Homes of Texas LLC, an Arizona limited liability company (“Meritage”) purchased approximately 127 acres from the Landowners and has developed such acreage as Crown Garden at Imperial. Meritage was also a homebuilder in Crown Garden at Imperial. Meritage does not own any developable land in the District.

In 2016, Sueba Development 153 LP, a Texas limited partnership (“Sueba”) purchased approximately 4 acres in “Imperial Market” from Imperial Market Development, LLC, which has not been developed at this time.

Approximately 25 acres of land in the District that incorporates the historic structures of the former Imperial Sugar Company refinery (“Imperial Historic District Tract”) is undeveloped. The Fort Bend Children’s Discovery Center and the Sugar Land Heritage Museum and Visitor Center have been constructed on approximately one acre of such land, which is owned by the City. The City purchased approximately 20 acres within the Imperial Historic District Tract in summer 2025.

In 2022, DPEG Imperial, LP (“DPEG”) purchased approximately 89 acres from the Landowners. DPEG is a private equity and real estate development company based in Houston, Texas. Such acreage is served with water, sewer and drainage utilities and construction of a fast food restaurant and office condos have begun on approximately 6 of such acres.

Cherokee, the GLO, and Meritage are collectively referred to herein as the “Developers.” See “THE DEVELOPERS AND MAJOR LANDOWNERS.”

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

2025 Taxable Assessed Valuation	\$545,527,474	(a)
Estimated Taxable Assessed Valuation as of August 15, 2025	\$553,549,271	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$63,260,000	(c)
Estimated Overlapping Debt	<u>30,219,938</u>	(d)
Gross Debt and Estimated Overlapping Debt	\$93,479,938	(c)(d)
Ratios of Gross Debt to:		
2025 Taxable Assessed Valuation	11.60%	
Estimated Taxable Assessed Valuation as of August 15, 2025	11.43%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation	17.83%	
Estimated Taxable Assessed Valuation as of August 15, 2025	17.57%	
2025 Tax Rate:		
Debt Service	\$0.88	
Maintenance and Operations	<u>0.09</u>	
Total	\$0.97/\$100 A.V.	
Average percentage of total tax collections (2020-2024)	99.90%	
Maximum Annual Debt Service Requirements (2027)		
of the Outstanding Unlimited Tax Bonds and the Bonds		
("Maximum Annual Requirement")	\$4,714,363	(e)
Average Annual Debt Service Requirements (2026-2049)		
of the Outstanding Unlimited Tax Bonds and the Bonds		
("Average Annual Requirement")	\$3,598,559	(e)
Tax rate required to pay Maximum Annual Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$0.91/\$100 A.V.	(f)
Estimated Taxable Assessed Valuation as of August 15, 2025 at a 95% collection rate	\$0.90/\$100 A.V.	(f)
Tax rate required to pay Average Annual Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$0.70/\$100 A.V.	(f)
Estimated Taxable Assessed Valuation as of August 15, 2025 at a 95% collection rate	\$0.69/\$100 A.V.	(f)
Status of Residential Development as of January 1, 2026 (g):		
Single-family residential – completed (567 occupied)	567	
Single-family residential – vacant developed lots	6	
Multi-family (454 units)	2	

Area of District — 746 acres
Estimated 2026 Population — 2,892 (h)

(a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified \$542,604,105 of taxable value within the District as of January 1, 2025. An additional \$2,923,369 of taxable value, which is subject to review and adjustment prior to certification, remains uncertified. See "TAX PROCEDURES."

(b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on August 15, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and August 15, 2025, will be certified as of January 1, 2026. See "TAX PROCEDURES."

(c) Excludes the District's Contract Revenue Bonds payable solely from amounts received from the City's Tax Increment Fund. See "TAX INCREMENT REINVESTMENT ZONE."

(d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(e) See "DEBT SERVICE REQUIREMENTS."

(f) See "TAX DATA—Tax Adequacy for Debt Service."

(g) See "THE DISTRICT—Status of Development."

(h) Estimated based on 3.5 persons per occupied single-family connection and 2.0 persons per multi-family unit.

OFFICIAL STATEMENT

\$9,000,000

IMPERIAL REDEVELOPMENT DISTRICT

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

UNLIMITED TAX BONDS

SERIES 2026

This Official Statement provides certain information in connection with the issuance by Imperial Redevelopment District (the “District”) of its \$9,000,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), an election held within the District, Article XVI, Section 59 of the Texas Constitution, Chapter 8150 of the Special District Local Laws, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, approval by the City of Sugar Land (the “City”), and a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, Cherokee Sugar Land, L.P. (“Cherokee”), the General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund (the “GLO”) and Meritage Homes of Texas LLC, (“Meritage”). Cherokee, the GLO and Meritage are collectively referred to herein as the “Developers.” 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 the District upon payment of the costs of duplication therefore.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated March 1, 2026, with interest accruing from the Date of Delivery payable on each November 1 and May 1 commencing November 1, 2026, until the earlier of maturity or prior redemption. The Bonds mature on May 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof.

Authority for Issuance

On November 8, 2011, the voters of the District authorized the issuance of a total of \$185,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds. The Bonds are the sixth issuance from such authorization. See “—Issuance of Additional Debt” herein and “USE AND DISTRIBUTION OF BOND PROCEEDS.”

The Bonds are issued by the District pursuant an order of the TCEQ, the terms and provisions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapter 8150 of the Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, approval by the City, and an election held within the District.

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 safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, the Outstanding Unlimited Tax Bonds, and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payments 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, or any entity other than the District.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., 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 April 15 or October 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 Resolution.

Funds

In the Bond Resolution, the Water, Sewer and Drainage and Park Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed, and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

The District also maintains a Road Debt Service Fund and a Pledged TIRZ Revenue Fund that are not pledged to the Bonds. Funds in the Road Debt Service Fund and the Pledged TIRZ Revenue Fund are not available to pay principal and interest on the Bonds.

The proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund to pay costs of acquiring or constructing District water, sanitary sewer and drainage facilities, to pay Developer interest and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

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 Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on May 1, 2042 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on May 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$850,000 Term Bonds	
Due May 1, 2042	
<u>Mandatory</u>	<u>Principal</u>
<u>Redemption Date</u>	<u>Amount</u>
2041	\$ 420,000
2042 (maturity)	430,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after May 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on May 1, 2032, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (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 fewer than all the Bonds outstanding within any one maturity 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 that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

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 Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution 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.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is 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, stolen or destroyed, 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.

Issuance of Additional Debt

After issuance of the Bonds, the District will have \$144,535,000 principal amount of unlimited tax bonds for acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds, \$67,542,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing recreational facilities and refunding of such bonds, \$195,130,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, and refunding of such bonds^(a), \$138,600,000 principal amount of unlimited tax bonds for parking facilities and refunding of such bonds, and \$51,200,000 principal amount of unlimited tax bonds for economic development and refunding of such bonds. Under current law, the District does not have the legal authority to issue bonds payable from ad valorem taxes for parking facilities or economic development; but may issue Contract Revenue Bonds, as described herein, for such purposes. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

Issuance of additional unlimited tax bonds could dilute the investment security for the Bonds.

The District has issued \$15,440,000 principal amount of Contract Revenue Bonds, of which \$13,550,000 principal amount is outstanding (the "Outstanding Contract Revenue Bonds") as of the date hereof, and which is payable solely from amounts received from the City's Tax Increment Fund. Owners of the Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. See "TAX INCREMENT REINVESTMENT ZONE."

Dissolution

Under Texas law, the District may be abolished and dissolved by the City without the District's consent. If the District is dissolved, the City will assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days thereafter. Prior to dissolution by the City, the District shall have the opportunity to discharge any obligations of the District by selling its bonds or by causing the City to sell bonds of the City in an amount necessary to discharge such obligations. Dissolution of the District by the City is a policymaking matter within the discretion of the Mayor and the City Council of the City, and, therefore, the District makes no representation that dissolution will or will not occur. Moreover, no representation is made concerning the ability of the City to make debt service payments should dissolution occur.

(a) The Attorney General's office has taken the position that Texas law does not permit the District to issue road bonds for parking facilities payable from taxes and therefore has decreased the District's road bond authorization by \$40,000,000 with a remaining authorized but unissued amount of \$195,130,000. See "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

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 Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages. In the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. 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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds 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. With respect to the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository

Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

Imperial Redevelopment District (the “District”) is a municipal utility district created under Article XVI, Section 59 of the Texas Constitution by House Bill 3554, as passed by the 79th Texas Legislature on June 18, 2005, and operates in accordance with the Texas Special District Local Laws Code, Chapter 8150, and the Texas Water Code, Chapters 49 and 54 and other general statutes applicable to municipal utility districts.

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 is also empowered to construct thoroughfare, arterial and collector roads and improvements in aid thereof and to establish parks and recreational facilities, including sports and community venues. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. See “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND.” The District also has the authority specified in Article III, Sections 52 and 52-a and Article VIII, Section 1-g of the Texas Constitution, and may purchase, construct, operate and maintain public improvements authorized for a tax increment reinvestment zone and a municipal management district and may provide for the creation of programs and the making of loans and grants of public money for the public purposes of development and diversification of the State’s economy, the elimination of unemployment and underemployment, or the development or expansion of transportation or commerce.

The Texas Commission on Environmental Quality (the “TCEQ”) exercises continuing supervisory jurisdiction over the District only for the water, wastewater and drainage projects. The District is required to observe certain requirements of the City which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District’s facilities are subject to the regulatory jurisdiction of additional government agencies. See “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM.”

Location of District

The District presently contains approximately 746 acres of land and is located in eastern Fort Bend County approximately 30 miles southwest of downtown Houston, Texas. Access to the District is provided via the State Highway 6 and US Highway 90A. Generally, the District is bordered on the south by US Highway 90A, on the west by State Highway 6 and on the north by Voss Road. Oyster Creek winds through the District. The District lies wholly within the corporate boundaries of the City. See “AERIAL PHOTOGRAPH” herein.

Land Use

The District is being developed as Imperial, a mixed-use community which includes single-family and multi-family residential, retail, office and commercial development, and a baseball stadium known as Constellation Field which is the home of the Sugar Land Space Cowboys, the Triple-A affiliate of the Houston Astros. The District currently includes approximately 151 developed acres of single-family residential development (567 lots and 6 vacant lots), approximately 14 acres of multi-family development, approximately 27 acres of baseball stadium facilities, approximately 45 acres of commercial development, approximately 46 acres of trails, parks and open spaces, approximately 133 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, and approximately 330 acres which are undevelopable (ponds, drainage easements, right-of-way, plant sites, detention areas, City of Sugar Land surface water treatment plant, and drill sites). The table below represents a detailed breakdown of the current acreage and development in the District.

<u>Single-Family Residential</u>	<u>Approximate Acres</u>	<u>Lots</u>
Quiet Cove at Imperial.....	25	79
Silent Manor at Imperial (37 Patio Homes & 27 Townhomes).....	13	64
The Point at Imperial (Brownstones).....	4	35
Crown Garden at Imperial:		
Section 1A.....	12	42
Section 1B.....	22	63
Section 2A.....	11	49
Section 2B.....	22	70
Section 2C.....	14	49
Section 2D.....	19	62
Retreat at Imperial.....	9	60
Subtotal.....	<u>151</u>	<u>573</u>
<i>Multi-Family (454 units)</i>	14	---
<i>Constellation Field</i>	27	---
<i>Commercial (a)</i>	45	---
<i>Trails, Parks and Open Spaces</i>	46	---
<i>Future Development (b)</i>	133	---
<i>Non-Developable (c)</i>	<u>330</u>	<u>---</u>
Total.....	746	573

- (a) See “—Status of Development—Commercial/Industrial” below.
- (b) Includes approximately 25 acres in the Imperial Historic District Tract. See “THE DEVELOPERS AND MAJOR LANDOWNERS—Imperial Historic District Tract.”
- (c) Includes ponds, drainage easements, right-of-way, District plant sites, detention areas, City of Sugar Land surface water treatment plant and drill sites.

Status of Development

Single-Family Residential: As of January 1, 2026, the District contained 567 completed single-family homes, all of which were occupied, and 6 vacant developed lots. According to the District’s 2025 tax rolls, the average homestead value in the District is approximately \$642,094.

Multi-Family: Two multi-family apartment developments are located on an aggregate of approximately 14 acres within the District: Imperial Lofts consisting of 254 units and Overture Sugar Land consisting of 200 units. According to property management, approximately 93% of units are occupied in Imperial Lofts and approximately 93% of units are occupied in Overture Sugar Land.

Commercial/Industrial: Commercial improvements have been constructed on an aggregate of approximately 44 acres within the District which includes a 7-Eleven gas station/convenience store, a children’s daycare facility, a self-storage facility, a portion of the Nalco Champion corporate offices and parking area, a banquet hall, a tutoring center, a restaurant, a local brewery, a behavioral health hospital, a McDonalds, and office condos. Approximately 2 acres of land served with utilities, upon which no vertical improvements have been constructed to date.

Constellation Field has been constructed on approximately 27 acres within the District. The land and improvements constructed on such acreage are owned by the City and are not subject to ad valorem taxation by the District.

No new residential development may occur in approximately 25 acres in the Imperial Historic District Tract until certain conditions of the Redevelopment Agreement are met. See “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND.”

Community Facilities: The former refinery site of the Imperial Sugar Company consists of approximately 26 acres, of which approximately 25 acres is undeveloped (“Imperial Historic District Tract”). Currently, one acre in the Imperial Historic District Tract has been developed (and is owned by the City and not subject to ad valorem taxation by the District), which includes the Fort Bend Children’s Discovery Center (an affiliate of the Children’s Museum of Houston) and the Sugar Land Heritage Museum and Visitor Center. Recreation facilities in the District will ultimately include approximately 45,000 feet of walking trails, parks and open spaces constructed around approximately 46 acres of lakes and Oyster Creek, which winds through the District.

Community facilities are available in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities, and other retail and service establishments, are located within one-half mile of the District along and adjacent to US Highway 90A and State Highway 6. Fire and police protection for the District are provided by the City. Children residing within the District attend schools within the Fort Bend Independent School District.

REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND

The City and Cherokee Sugar Land, L.P. (“Cherokee”) entered into a Redevelopment Agreement on June 26, 2007; the Development Manager (as development manager for Cherokee and the GLO, hereinafter defined), the City and the District entered into a First Amendment to the Redevelopment Agreement dated October 5, 2010; a Second Amendment to the Redevelopment Agreement dated January 28, 2014, and a Third Amendment to the Redevelopment Agreement dated May 3, 2016 (the Redevelopment Agreement and all amendments collectively referred to as the “Redevelopment Agreement”). The current owner of approximately 20 acres in the Imperial Historic District Tract is the City.

The Redevelopment Agreement was entered into to facilitate redevelopment of the property within the boundaries of the District, particularly the area described as the Imperial Historic District Tract. The Imperial Historic District Tract consists of an approximately 26-acre tract which includes the historic structures of the former Imperial Sugar Company refinery. See “THE DEVELOPERS AND MAJOR LANDOWNERS.” The Redevelopment Agreement is effective until the expiration of the term of the TIRZ, which is 2042.

In order to effectuate such redevelopment, the parties agreed to the following:

- The City consented to the creation of the District and approved the general land use plan.
- The City designated the Tax Increment Reinvestment Zone No. 3 (the “TIRZ”) overlaying the District and agreed to participate in the TIRZ in an amount equal to fifty percent (50%) of ad valorem taxes and ½ of its two cents of sales and use taxes collected within the TIRZ.
- The Development Manager agreed that the Landowners would convey property to the City for construction of Constellation Field, a Triple-A ball field within the District and the City contributed \$10,000,000 for public infrastructure and parking facilities to serve Constellation Field to be reimbursed from District contract revenue bond proceeds (land was conveyed to the City, and City was fully reimbursed from proceeds of the Outstanding Contract Revenue Bonds.)
- The District will pay and/or reimburse the City for the District’s share of an extension of University Boulevard, a thoroughfare in the District, which share is estimated to be approximately \$14,900,000 (which has been paid for in full from the Outstanding Unlimited Tax Bonds and the Contract Revenue Bonds).
- The District must use the value generated in the Imperial Historic District Tract to determine the feasibility of reimbursement to the developer of the Imperial Historic District Tract only until such developer is fully reimbursed.
- The District may not issue bonds payable from TIRZ Revenues or ad valorem tax road bonds (with certain exceptions including payments to the City for University Boulevard and Constellation Field) until certain development thresholds are met by the developer of the Imperial Historic District Tract.
- All proceeds of the District’s bond issues (and other revenues that are available for reimbursement and not necessary for operation and maintenance of the District or debt service on District bonds) must be applied per the priorities described in the Redevelopment Agreement.
- The District may not use the value in the Imperial Historic District Tract to determine the feasibility of reimbursement to any other developer in the District, except for the developer of the Imperial Historic District Tract. The District must make a good faith effort to maximize TIRZ revenues to reimburse those projects that can only be reimbursed with TIRZ revenues (as opposed to ad valorem taxes).

- The District must use bond proceeds to make payments to the City by certain dates, assuming values exist in the District to feasibly issue such bonds (the District has made all such payments to the City).
- No residential development (including multi-family) may be built in the Imperial Historic District Tract until the developer of the Imperial Historic District Tract provides funding to construct certain public and private infrastructure.

Any major deviation from the terms of the Redevelopment Agreement by the Development Manager or the District may be considered a material breach of the Redevelopment Agreement and may adversely affect development in the District. In addition, the Redevelopment Agreement limits residential development (including multi-family developments) in the Imperial Historic District Tract and certain types of District bond issuances until the Imperial Historic District Tract developer has provided funding and construction has started on certain public and private infrastructure to support non-residential development in Imperial Historic District Tract, including renovations to the historical structures and a parking garage. To date, this has not occurred, and the District can give no assurance when and if such requirements will be met. Failure to meet these requirements may adversely affect development in the District. Following its purchase of approximately 20 acres within the imperial historic District Tract, the City has not proposed an amendment to the Redevelopment Agreement.

TAX INCREMENT REINVESTMENT ZONE

By Ordinance No. 1667, dated December 18, 2007, the City created the Reinvestment Zone Number Three, City of Sugar Land (the “TIRZ”) and adopted the Final Project Plan and Reinvestment Zone Financing Plan (the “TIRZ Plan”) for a term of thirty years. By Ordinances No. 1888, dated February 5, 2013, and No. 2064, dated August 16, 2016 (all ordinances collectively referred to as the “TIRZ Ordinances”), the City extended the term of the TIRZ to 2042 and amended the TIRZ Plan. The TIRZ covers approximately 839.4 acres, consisting of all the acreage in the District and some additional non- taxable right-of-way property. The TIRZ is intended to facilitate a program of public improvements to allow the development of a planned mixed use community within the District with single-family and multi-family residential, a hotel/conference center, recreational facilities, a sports stadium, museums and other arts and entertainment venues, land, associated parking, related water, sanitary sewer, drainage and road infrastructure, and the preservation and/or reuse of certain historic structures at the Imperial Sugar Company site (the “Project”).

The City and Fort Bend County (the “County”) have agreed to deposit to a special tax increment fund established by the City (the “Tax Increment Fund”) the Tax Increment Payments (described herein) arising from the TIRZ. Pursuant to Chapter 311, Texas Tax Code, as amended, a taxing unit’s tax increment for a year (a “Tax Increment”) is the amount of property taxes levied by the unit for that year on the captured appraised value of real property taxable by the unit and located in a reinvestment zone. Captured appraised value is the total appraised value of all real property taxable in the unit and located in a reinvestment zone less the tax increment base of the unit. The tax increment base of a taxing unit (the “Tax Increment Base”) is the total appraised value of all real property taxable in the unit and located in a reinvestment zone for the year in which the zone was designated or as otherwise agreed. The sales tax increment is the amount of municipal sales and use taxes attributable to the reinvestment zone above the sales tax base. The sales tax base is the amount of municipal sales and use taxes attributable to the zone from the year in which the zone was designated.

Pursuant to the TIRZ Ordinances, the City’s Tax Increment is 50% of its real property taxes collected on the City’s taxable value within the TIRZ in excess of the City’s base taxable value as of January 1, 2007 which is \$5,602,490, and one-half cent of the City’s two-cent sales taxes actually collected within the Sales Tax Collection Area (as defined in the TIRZ Plan) in excess of the sales tax base. The latter is to be used only for certain parking facilities. The City and County entered into an Interlocal Agreement dated September 3, 2013 in which the County agreed to participate in the TIRZ. The County’s Tax Increment is 50% of all real property taxes collected on the County’s taxable value within the TIRZ in excess of the County’s base taxable value in the TIRZ which is \$11,757,620. The City, the TIRZ and the District have entered into an agreement dated August 16, 2016 (but effective December 18, 2007) to effectuate the TIRZ Plan (the “Tri-Party Agreement”) and distribute the Tax Increment Fund. **THE TAX INCREMENT PAYMENTS ARE NOT PLEDGED TO PAYMENT OF THE BONDS.**

Per the Tri-Party Agreement, the District shall use the Tax Increment Fund generated by the TIRZ to implement the TIRZ Plan. The Tri-Party Agreement authorizes the District to issue contract revenue bonds payable from TIRZ Revenues for eligible Projects in the TIRZ Plan. It is estimated that the Tax Increment Payments will support approximately 24% of the total Project Costs of the TIRZ. It is intended that the balance of Project Costs will be paid for with proceeds of the District’s unlimited tax bonds, including the Bonds. See “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” and “INVESTMENT CONSIDERATIONS— Future Debt.”

Certain TIRZ Projects may not be legally paid for at this time using District ad valorem tax revenues and may only be paid for using Tax Increment Payments (particularly structured parking, demolition and remediation costs of the historic structures and economic development projects). The District has agreed in its Redevelopment Agreement with the City to structure its financings to maximize and ensure that Tax Increment Payments will be used in a manner that will permit the maximum amount of the TIRZ Project costs that can only be legally reimbursed with Tax Increment Revenues to be reimbursed with those revenues.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are appointed by the City for four-year staggered terms. Four of the Directors listed below reside within the District. The Directors of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires*</u>
Tim Stubenrouch	President	September 2026
James Thompson	Vice President	September 2028
Doug Turner	Secretary	September 2026
Chuck Laughter	Assistant Vice President	September 2028
Frank Yonish	Assistant Secretary	September 2026

* Director replacements will be appointed by the City.

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by Fort Bend Central Appraisal District. The District's contracts with Tax Tech, Inc. to serve as Tax Assessor/Collector.

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

System Operator

The City operates the facilities serving the District.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is LJA Engineering, Inc. (the "Engineer").

Attorney

The District engages Allen Boone Humphries Robinson LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be 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 on the sale and delivery of the Bonds.

Co-Financial Advisors

Masterson Advisors LLC and Post Oak Municipal Advisors LLC (collectively referred to as the "Financial Advisors") serve as co-financial advisors to the District. The fees to be paid the Financial Advisors 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 on the sale and delivery of the Bonds.

Disclosure Counsel

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

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's financial statements for the fiscal year ending November 30, 2024 were audited by the independent accounting firm of McGrath & Co., PLLC. See "APPENDIX A" for a copy of the audited financial statement of the District as of November 30, 2024. The District has engaged McGrath & Co., PLLC to audit the District's financial statements for the fiscal year ending November 30, 2025.

THE DEVELOPERS AND MAJOR LANDOWNERS

Role of a Developer

In general, the activities of a 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 roads 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 District facilities are being financed with bonds), 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.

None of the Developers nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers has a binding commitment to the District to carry out any plan of development and each of the Developers may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect Imperial in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See "INVESTMENT CONSIDERATIONS."

Imperial Johnson LLC and Cherokee Sugar Land L.P. and General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund

The majority of the developable land in the District was originally owned by Cherokee Sugar Land, L.P. ("Cherokee"), a Delaware limited partnership, and the General Land Office on behalf of the State of Texas for the benefit of the Permanent School Fund (the "GLO") (Cherokee and GLO collectively, referred to as the "Landowners"). Cherokee was formed for the sole purpose of owning and developing the approximately 746 acres of land in the District. Imperial Johnson LLC ("Imperial Johnson"), an affiliate of The Johnson Development Corp., is the Development Manager for GLO and Imperial Assets. Imperial Johnson is referred to herein as the "Development Manager." In August 2023, Cherokee assigned all of its assets and receivables to Imperial Assets, LLC ("Imperial Assets"), an affiliate of The Johnson Development Corp. The Landowners have developed or sold a majority of their land in the District. Imperial Assets and the GLO currently own approximately 40 acres of undevelopable land in the District.

Meritage Homes of Texas LLC

In 2014, Meritage Homes of Texas LLC, an Arizona limited liability company ("Meritage") purchased approximately 127 acres from the Landowners and has developed such acreage as Crown Garden at Imperial. Meritage was also a homebuilder in Crown Garden at Imperial. Meritage does not own any developable land in the District.

Cherokee, the GLO, and Meritage are collectively referred to herein as the "Developers."

Sueba Development 153 LP

In 2016, Sueba Development 153 LP, a Texas limited partnership ("Sueba") purchased approximately 4 acres in "Imperial Market" from Imperial Market Development, LLC, which has not been developed at this time. No new residential development may occur in Imperial Market until certain conditions of the Redevelopment Agreement are met. See "REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND."

DPEG Imperial, LP

DPEG Imperial, LP ("DPEG") is a private equity and real estate development company based in Houston, Texas. In 2022, DPEG purchased approximately 89 acres from the Landowners. Such acreage is served with water, sewer and drainage utilities and construction of a fast food restaurant and office condos have begun on approximately 6 of such acres.

Imperial Historic District Tract

Approximately 26 acres of land in the District is the Imperial Historic District Tract, that incorporates the historic structures of the former Imperial Sugar Company refinery, of which 25 acres are currently undeveloped. To date, no development has occurred on this land except for approximately one acre on which the Fort Bend Children’s Discovery Center and the Sugar Land Heritage Museum and Visitor Center have been constructed, which are now on land owned by the City. The City purchased approximately 20 acres within the Imperial Historic District Tract in summer 2025.

ROAD SYSTEM

Two major thoroughfares, Imperial Boulevard and Stadium Drive (an extension of University Boulevard), currently exist within the District’s boundaries. Both roadways are included on the City’s and/or Fort Bend County’s thoroughfare plan. Imperial Boulevard and Stadium Drive have been accepted for ownership, operation, and maintenance by the City. Outstanding Unlimited Tax Bond proceeds have been used to finance improvements to the District’s roads.

All roadways are designed and constructed in accordance with Fort Bend County and City of Sugar Land, Texas standards, rules and regulations. Upon acceptance by the City or the Texas Department of Transportation Commission (“TxDOT”), as applicable, of roadways or roadway facilities, the City or TxDOT, as applicable, is responsible for operation and maintenance thereof.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sanitary sewer and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

PARK SYSTEM

Park and recreational improvements include approximately 46 acres within the District that have been developed as 45,000 feet of walking trails, parks and open spaces to serve the development within the District.

UTILITY AGREEMENT WITH CITY OF SUGAR LAND

All land in the District is located within the corporate limits of the City. The City and Cherokee Sugar Land, L.P. (on behalf of the District) have entered into the Utility Agreement, dated June 26, 2007, which obligates the District to acquire, construct and extend water, wastewater and storm drainage facilities (the “System”) to serve land in the District and, when completed in accordance with plans and specifications approved by the City, to convey title to such utility facilities to the City. The Utility Agreement has been assigned by Cherokee to the District. The City will then operate and maintain such facilities and be responsible for establishing water and sewer rates and collection charges for water and sewer service from District customers. The District has sold and will continue to sell bonds to provide for the construction of the System, including the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the District will be in a position to receive services from the System; however, the District’s obligation to extend the System is conditioned upon continued development within the District, the City’s performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District, the TCEQ, TCEQ approval and the ability of the District to sell bonds.

During the term of the Utility Agreement, the City is required to supply the District all of its requirements for water supply and wastewater treatment capacities as described in the TIRZ Plan. The Utility Agreement further requires the Developers or the District to pay the City a capital recovery charge (the “City Connection Charge”) to purchase water supply and wastewater treatment capacity in the City’s existing system. The City Connection Charge is set by the City and may be amended without the District’s consent at any time. A portion of the proceeds of the Bonds will be used to pay such connection charges. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM.”

WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then-current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City, Fort Bend County and, in some instances, the TCEQ. Fort Bend County and the City also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water Supply and Wastewater Treatment

District residents receive water and wastewater treatment service from the City pursuant to a Utility Agreement between the District and the City. As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend the System to serve land in the District and, when completed in accordance with approved plans and specifications, to convey title to the System to the City. The City then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services.

Drainage System

Platted subdivisions within Imperial Redevelopment District are served with curb and gutter streets and underground storm sewers. Pavement is designed and constructed with "stair stepped" sump inlets and paving elevations generally descend to a low point in the subdivision where the inlets and storm sewer system has been designed to accommodate the anticipated 100-year storm event. Storm sewers upstream from this extreme event storm sewer system are designed to accommodate the anticipated 2-year storm event. Drainage facilities were designed in accordance with the City minimum design criteria. Six manmade detention ponds have been constructed to detain runoff from inside the District. These ponds outfall to Oyster Creek, a tributary of the Brazos River.

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, approximately 400 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map dated April 2, 2014. Fill has been placed on a majority of the land in the flood plain, including the lots in Quiet Cove, Silent Manor and Crown Garden subdivisions, to remove such land from the flood plain. By five Letters of Map Revision for Fill ("LOMR-F") dated November 19, 2013, November 25, 2014, April 6, 2015, December 30, 2015 and August 18, 2017 and a Letter of Final Determination for the Letter of Map Revision ("LOMR") dated April 29, 2016, approximately 179 acres have been removed from the 100-year flood plain designation. Currently, the District has approximately 221 acres of land in the floodplain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were approved by the TCEQ in its order authorizing the issuance of the Bonds. Nonconstruction costs and Issuance Costs and Fees are based upon either contract amounts or estimates of various costs by LJA Engineering, Inc. (the “Engineer”) and Masterson Advisors LLC (the “Financial Advisor”). The actual amounts to be reimbursed by the District and other costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required.

CONSTRUCTION COSTS

Imperial Phase 2 Detention Ponds and Drainage Facilities Contract 1....	\$	944,862
Utilities for Crown Garden at Imperial Section 2B.....		1,049,988
Utilities for Crown Garden at Imperial Section 2A.....		956,302
Utilities for Crown Garden at Imperial Section 2D.....		569,734
Utilities for Crown Garden at Imperial Section 2C.....		537,501
Utilities for Retreat at Imperial.....		407,998
City of Sugarland Connection Charges.....		1,486,785
Engineering, Geotechnical, Surveying and Lab Fees.....		766,249
Stormwater Pollution Prevention Plan.....		227,344
Less: Surplus Capital Projects Funds (a).....		<u>(625,000)</u>

Total Construction Costs..... \$ 6,321,763

NON-CONSTRUCTION COSTS

Developer Interest (Estimated).....	\$	1,868,276
Operating Advances.....		18,000
Bond Discount (b).....		<u>81,821</u>

Total Nonconstruction Costs..... 1,968,097

ISSUANCE COSTS AND FEES

Legal Fees.....	\$	220,000
Financial Advisory Fees.....		167,500
Bond Issuance Expenses.....		45,461
Bond Application Report Cost.....		57,500
TCEQ Bond Issuance Fee.....		22,500
Attorney General Fee.....		9,000
Contingency (b).....		<u>188,179</u>

Total Non-Construction Costs..... \$ 710,140

TOTAL BOND ISSUE \$ 9,000,000

(a) See “FINANCIAL STATEMENT—Cash and Investment Balances.”

(b) The TCEQ approved a maximum Bond discount of 3.0% on the Bonds. Contingency represents the difference between the estimated and actual amount of Bond discount.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/08/2011	Water, Sanitary Sewer and Drainage (“WS&D”) and Refunding	\$185,600,000	\$41,065,000*	\$144,535,000
11/08/2011	Roads and Refunding	\$211,900,000	\$16,770,000	\$195,130,000 (a)
11/08/2011	Recreational and Refunding	\$83,167,000	\$15,625,000	\$67,542,000
11/08/2011	Parking and Refunding (b)	\$138,600,000	\$-0-	\$138,600,000
11/08/2011	Economic Development and Refunding (b)	\$51,200,000	\$-0-	\$51,200,000

* Includes the Bonds.

- (a) The Attorney General’s office has taken the position that Texas law does not permit the District to issue road bonds for parking facilities payable from taxes and therefore has decreased the District’s road bond authorization by \$40,000,000 with a remaining authorized but unissued amount of \$195,130,000.
- (b) Current law does not authorize the District to issue unlimited tax bonds for parking facilities or economic development purposes. See “THE BONDS—Issuance of Additional Debt.”

FINANCIAL STATEMENT

2025 Taxable Assessed Valuation	\$545,527,474	(a)
Estimated Taxable Assessed Valuation as of August 15, 2025	\$553,549,271	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$63,260,000	

Ratio of Gross Debt to:

2025 Taxable Assessed Valuation	11.60%
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Estimated 2025 Population — 2,892 (c)

- (a) The Appraisal District has certified \$542,604,105 of taxable value within the District as of January 1, 2025. An additional \$2,923,369 of taxable value, which is subject to review and downward adjustment prior to certification, remains uncertified. See “TAX PROCEDURES.”
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on August 15, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and August 15, 2025, will be certified as of January 1, 2026. See “TAX PROCEDURES.”
- (c) Estimated based on 3.5 persons per occupied single-family connection and 2.0 persons per multi-family unit.

Cash and Investment Balances (unaudited as of January 15, 2026)

General Fund	Cash and Temporary Investments	\$1,619,900
Water, Sewer and Drainage Capital Projects Fund	Cash and Temporary Investments	\$660,835 (a)
Water, Sewer and Drainage and Park Debt Service Fund	Cash and Temporary Investments	\$2,654,899 (b)
Park Capital Projects Fund	Cash and Temporary Investments	\$214,705
Road Capital Projects Fund	Cash and Temporary Investments	\$31,681
Road Debt Service Fund	Cash and Temporary Investments	\$697,184 (b)
TIRZ Revenue Fund	Cash and Temporary Investments	\$2,821,400 (c)
TIRZ Capital Projects Fund	Cash and Temporary Investments	\$45,682

- (a) The District intends to use \$625,000 of the surplus Water, Sewer and Drainage Capital Projects Fund balance approved for use by the TCEQ in connection with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- (b) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District’s debt, including the Outstanding Unlimited Tax Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District’s ad valorem tax revenue will be allocated to bonds sold for road facilities (the “Road Bonds”), and a pro rata portion will be allocated to bonds sold for water, sewer and drainage and park facilities (the “Water, Sewer and Drainage and Park Bonds”), including the Bonds. See “FINANCIAL STATEMENT—Outstanding Unlimited Tax Bonds.” The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage and Park Bonds, including the Bonds, and the Water, Sewer and Drainage and Park Debt Service Fund is not pledged to the Road Bonds.
- (c) The Contract Revenue Bonds are payable solely from funds in the Tax Increment Fund transferred to the District. They are not payable from ad valorem taxes levied by the District and their issuance does not affect the source of payment of the Bonds or the Outstanding Unlimited Tax Bonds. The Bonds are not payable from funds in the Tax Increment Fund.

Outstanding Unlimited Tax Bonds (as of December 31, 2025)

Series		Original Principal Amount	Outstanding Bonds 12/31/2025
2016	(a)	\$ 12,135,000	\$ 9,405,000
2017		2,500,000	1,700,000
2018		6,055,000	4,690,000
2018	(b)	4,000,000	3,380,000
2019		5,645,000	4,745,000
2020	(a)	4,635,000	4,055,000
2020A		10,365,000	8,665,000
2022	(b)	5,400,000	4,725,000
2022A	(b)	6,225,000	5,720,000
2024		7,500,000	7,175,000
Total		\$ 64,460,000	\$ 54,260,000

- (a) Unlimited tax road bonds.
(b) Unlimited tax park bonds.

In addition, the District has issued \$15,440,000 principal amount of Contract Revenue Bonds, of which \$13,550,000 principal amount is currently outstanding as of the date hereof (the “Outstanding Contract Revenue Bonds”), and which are payable solely from amounts received from the City’s Tax Increment Fund. The owners of the Contract Revenue Bonds do not have any right, claim or interest to any amounts derived from the levy of taxes by the District. See “TAX INCREMENT REINVESTMENT ZONE.”

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in the “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 1,235,264,389	12/31/2025	0.42%	\$ 5,188,110
Fort Bend County Drainage District.....	21,645,000	12/31/2025	0.42%	90,909
Fort Bend County ISD.....	1,836,730,000	12/31/2025	1.04%	19,101,992
City of Sugar Land.....	389,400,000	12/31/2025	2.47%	9,618,180
Total Estimated Overlapping Debt.....				\$ 33,999,191
The District.....	63,260,000 (a)	Current	100.00%	63,260,000
Total Direct and Estimated Overlapping Debt.....				\$ 97,259,191
Ratio of Direct and Estimated Overlapping Debt to 2025 Taxable Assessed Valuation.....				17.83%
Ratio of Direct and Estimated Overlapping Debt to August 1, 2025 Estimated Taxable Assessed Valuation				17.57%

(a) Includes the Outstanding Unlimited Tax Bonds and the Bonds but does not include the Outstanding Contract Revenue Bonds.

Overlapping Tax Rates for 2025

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.422000
Fort Bend County ISD.....	1.056900
City of Sugar Land.....	0.358827
Total Overlapping Tax Rate.....	\$ 1.837727
The District	0.970000
Total Tax Rate.....	\$ 2.807727

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of December 31, 2025 (a)	
				Amount	Percent
2020	\$ 325,446,583	\$ 1.100	\$ 3,579,912	\$ 3,579,912	100.00%
2021	363,220,788	1.100	3,995,429	3,995,399	100.00%
2022	413,757,224	1.100	4,551,329	4,551,329	100.00%
2023	472,437,913	1.070	5,055,086	5,051,674	99.93%
2024	499,991,520	1.000	4,999,915	4,981,042	99.62%
2025	545,527,474	0.970	5,291,616	(b)	(b)

(a) Unaudited.

(b) In process of collection. 2025 taxes are due January 31, 2026.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$ 0.880	\$ 0.880	\$ 0.860	\$ 0.840	\$ 0.840
Maintenance and Operations	0.090	0.120	0.210	0.260	0.260
Total	\$ 0.970	\$ 1.000	\$ 1.070	\$ 1.100	\$ 1.100

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: \$1.50 per \$100 of taxable assessed valuation.

Maintenance and Operations for Roads: \$0.25 per \$100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds and the Outstanding Unlimited Tax Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Unlimited Tax Bonds. The District levied a debt service tax for 2025 in the amount of \$0.88 per \$100 of taxable assessed valuation.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 8, 2011, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. In addition, on November 8, 2011, the Board was authorized to also levy a maintenance tax for maintenance of roads in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds. For the 2025 tax year, the District levied a tax for maintenance and operations in the amount of \$0.090 per \$100 assessed valuation. The District has not levied a tax for road maintenance.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2025, the District granted a \$130,000 homestead exemption for persons over 65 or disabled and a 20% (but not less than \$5,000) homestead exemption.

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, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the certified portion (\$542,604,105) of the 2025 Taxable Assessed Valuation of \$545,527,474. This represents ownership as of January 1, 2025. Accurate principal taxpayer lists related to the uncertified portion (\$2,923,369) of the 2025 Taxable Assessed Valuation and the Estimated Taxable assessed Valuation as of August 1, 2025 of \$553,549,271 are not available.

<u>Taxpayer (a)</u>	<u>Type of Property</u>	<u>2025 Certified Taxable Assessed Valuation</u>	<u>% of 2025 Certified Taxable Assessed Valuation</u>
Imperial Lofts Owner LLC	Land & Improvements	\$ 47,597,195	8.77%
CRP-GREP Overture Sugarland Owner LP	Land, Improvements, & Personal Property	45,415,660	8.37%
GC MP Imperial LLC	Land & Improvements	13,217,705	2.44%
Championx LLC	Land, Improvements, & Personal Property	11,594,399	2.14%
PMH Sugar Land BHH (TX) LLC	Land, Improvements, & Personal Property	11,229,733	2.07%
SL HWY 6 MOB 1 LLC	Land & Improvements	10,296,967	1.90%
TAZZ-VOSS Development LLC	Land & Improvements	5,809,226	1.07%
DPEG Imperial Development LLC (b)	Land	2,836,858	0.52%
SW Learning Academy LLC	Land & Improvements	2,803,409	0.52%
MDC Coast 9 LLC	Land & Improvements	2,498,150	0.46%
Total		\$ 153,299,302	28.25%

(a) Constellation Field is owned by the City of Sugar Land and therefore is not subject to ad valorem taxation by the District.
(b) See "THE DEVELOPERS AND MAJOR LANDOWNERS—DPEG Imperial, LP."

Summary of Assessed Valuation

The following summary of the 2025, 2024 and 2023 Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2025, 2024 and 2023 tax rolls of the District. Accurate breakdowns related to the uncertified portion of the 2025 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2025 of \$553,549,271 are not available.

	<u>2025 Taxable Assessed Valuation</u>	<u>2024 Taxable Assessed Valuation</u>	<u>2023 Taxable Assessed Valuation</u>
Land	\$ 156,902,583	\$ 149,401,790	\$ 120,937,896
Improvements	535,715,019	504,850,916	477,328,004
Personal Property	4,919,011	6,338,888	6,854,279
Exemptions	(154,932,508)	(160,600,074)	(132,682,266)
Total Certified	\$ 542,604,105	\$ 499,991,520	\$ 472,437,913
Uncertified Value	2,923,369	-	-
Total	\$ 545,527,474	\$ 499,991,520	\$ 472,437,913

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2025 Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements on the Outstanding Unlimited Tax Bonds and the Bonds.

Average annual debt service requirement (2026-2049)	\$3,598,559
\$0.70 tax rate on the 2025 Taxable Assessed Valuation of \$545,527,474 at a 95% collection rate produces	\$3,627,758
\$0.69 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2025 of \$553,549,271 at a 95% collection rate produces	\$3,628,515

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2025 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or their inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized 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 County 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 situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For the 2025 tax year, the District has granted a \$130,000 tax exemption on residential homesteads for persons 65 years of age or older or disabled. The District may be required to offer such an exemption if a majority of voters approves it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was 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 a total tax exemption on such surviving spouse's residence homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to the subsequent homesteads. 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. 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 fewer 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 is limited to 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

The City has designated all of the area within the District as a reinvestment zone. See "TAX INCREMENT REINVESTMENT ZONE." Fort Bend County, the District, and the City, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Pursuant to the terms of the Tri-Party Agreement between the City, TIRZ and the District, absent written consent of the District, the City will not grant tax abatements that reduce the amount of the City's Tax Increment; however, the City may grant tax incentives using ad valorem taxes or sales tax revenues that are not part of the Tax Increment to be collected by the TIRZ.

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. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 a MUD Participant, adopting its tax rate for the tax year. A taxing unit, such as a MUD Participant, 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.

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.

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer 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.

Tax Payment Installments After Disaster

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property 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, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

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

Developing Districts: Districts that do not meet the classification of a Special Taxing Unit or a Developed District 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. The Board has made the determination that the District was a "Developing District" for the 2025 tax year.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2025." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both 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 cost of suit and sale, 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 (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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—Tax Collection Limitations."

GENERAL FUND

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. The City operates the water and sewer system that serves the District, so the District collects no net revenues from operating the system. Such summary is based upon information obtained from the District's audited financial statements for fiscal years ended November 30, 2021 through 2024 and an unaudited summary for the fiscal year ended November 30, 2025, provided by the District's bookkeeper. Reference is made to such statements and records for further and more complete information.

	Fiscal Year Ended November 30				
	2025 (a)	2024	2023	2022	2021
Revenues					
Property Taxes	\$ 606,839	\$ 982,830	\$ 1,089,741	\$ 935,658	\$ 658,185
Investment Earnings	80,999	146,266	97,585	12,590	234
Total Revenues	\$ 687,838	\$ 1,129,096	\$ 1,187,326	\$ 948,248	\$ 658,419
Expenditures					
Professional Fees	\$ 194,397	\$ 138,271	\$ 183,402	\$ 135,951	\$ 140,260
Contracted Services	20,780	22,040	18,483	20,535	21,301
Repairs and Maintenance (b)	230,064	204,585	206,520	245,961	229,396
Utilities	20,593	16,621	17,558	27,378	43,197
Administrative	28,411	24,495	25,658	22,048	19,932
Other	1,425	980	4,620	1,558	4,130
Capital Outlay	-	-	-	61,407	-
Developer Interest	-	-	-	-	-
Total Expenditures	\$ 495,670	\$ 406,992	\$ 456,241	\$ 514,838	\$ 458,216
Revenues Over (Under) Expenditures	\$ 192,168	\$ 722,104	\$ 731,085	\$ 433,410	\$ 200,203
Other Sources					
Internal Transfers	\$ (660,259)	\$ (1,318,369) (c)	\$ -	\$ -	\$ -
Fund Balance (Beginning of Year)	\$ 1,332,029	\$ 1,928,294	\$ 1,197,209	\$ 763,799	\$ 563,596
Fund Balance (End of Year)	\$ 863,938	\$ 1,332,029	\$ 1,928,294	\$ 1,197,209	\$ 763,799

(a) Unaudited. Provided by the District's bookkeeper.

(b) Includes landscaping expenses due to the homeowners' association.

(c) The District contributed \$1,153,131 in surplus operating funds to its Series 2024 Bonds to reimburse developers in the District.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Unlimited Tax Bonds and for the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 4,099,088		\$ 225,861	\$ 225,861	\$ 4,324,948
2027	4,061,788	\$ 285,000	367,575	652,575	4,714,363
2028	4,032,325	295,000	353,075	648,075	4,680,400
2029	4,010,231	300,000	338,200	638,200	4,648,431
2030	3,981,069	310,000	322,950	632,950	4,614,019
2031	3,953,972	320,000	307,200	627,200	4,581,172
2032	3,932,497	325,000	291,075	616,075	4,548,572
2033	3,902,675	335,000	274,575	609,575	4,512,250
2034	3,870,453	345,000	261,025	606,025	4,476,478
2035	3,830,438	355,000	250,525	605,525	4,435,963
2036	3,792,675	365,000	237,900	602,900	4,395,575
2037	3,732,744	375,000	223,100	598,100	4,330,844
2038	3,680,800	385,000	207,900	592,900	4,273,700
2039	3,646,241	395,000	192,300	587,300	4,233,541
2040	3,603,925	405,000	176,300	581,300	4,185,225
2041	3,548,534	420,000	159,800	579,800	4,128,334
2042	2,709,497	430,000	142,800	572,800	3,282,297
2043	2,584,681	440,000	125,400	565,400	3,150,081
2044	2,250,803	455,000	107,500	562,500	2,813,303
2045	1,598,078	465,000	89,100	554,100	2,152,178
2046	835,588	480,000	70,200	550,200	1,385,788
2047	584,488	490,000	50,800	540,800	1,125,288
2048	306,375	505,000	30,900	535,900	842,275
2049	-	520,000	10,400	530,400	530,400
Total	\$ 72,548,963	\$ 9,000,000	\$ 4,816,461	\$ 13,816,461	\$ 86,365,423

Average Annual Debt Service Requirements (2026-2049)..... \$3,598,559
 Maximum Annual Debt Service Requirements (2027)..... \$4,714,363

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City of Sugar Land, Texas, or any other political entity other than the District, will be secured by a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on Major Taxpayers

The ten principal taxpayers represent \$154,489,829 (28.35%) of the certified portion (\$542,604,105) of the 2025 Taxable Assessed Valuation of \$545,527,474, which represents ownership as of January 1, 2025. The largest taxpayer is Imperial Lofts Owner LLC, which represents \$47,597,195 (8.73%) of the certified portion of the District's 2025 Taxable Assessed Valuation. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus available for payment of its debt, the ability of the District to make timely payment of debt service would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could force the District to levy a high tax rate to pay principal and interest on its debt, thereby hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service fund. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to timely pay debt service on the Bonds. See "—Tax Collection Limitations" herein, "TAX DATA—Principal Taxpayers," and "TAX PROCEDURES—Levy and Collection of Taxes."

Certain Tax Exemptions Provided for Affordable Housing

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

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not qualify for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

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

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

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land 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 value.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, multi-family development, and retail and commercial development. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential lots and multi-family, retail, and commercial development of this type and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see “—Credit Market and Liquidity in the Financial Markets” below), construction costs, and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

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

Competition

The demand for and construction of single-family homes, multi-family, retail and commercial development in the District, which is approximately 30 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers or such builders will be implemented or, if implemented, will be successful.

Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Taxable Assessed Valuation of the District (see “FINANCIAL STATEMENT”) is \$545,527,474 (\$542,604,105 certified plus \$2,923,369 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be \$4,714,363 (2027) and the average annual debt service requirement will be \$3,598,559 (2026-2049). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.91 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$4,714,363 and a tax rate of \$0.70 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$3,598,559. The Estimated Taxable Assessed Valuation as of August 1, 2025 reduces the above calculations to \$0.90 and \$0.69 per \$100 assessed valuation at a 95% collection rate, respectively. See “DEBT SERVICE REQUIREMENTS.”

Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2025 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2025, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's taxable assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES” and “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 within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

Extreme Weather Events

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

According to the City, there was no interruption in water and sewer service or material damage to the City facilities serving the District as a result of the storm, and the Developers have reported there was no structural flooding or material damage to homes or businesses within the District as a result of Hurricane Harvey.

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

Specific Flood Type Risks

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can 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.

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

Requirements under Redevelopment Agreement

The Redevelopment Agreement prohibits any residential development (including multi-family) from being built in the Imperial Historic District Tract (an approximately 26-acre tract) until the Imperial Historic District Tract developer provides funding and construction commences on certain public and private infrastructure to support non-residential development in the Imperial Historic District Tract, including renovations to the historical structures and a parking garage. To date, this has not occurred, and the District can give no assurance when and if such requirements will be met. See “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND.”

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies.”

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, if it fails to make payments into any fund or funds created in the Bond Resolution, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, 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 Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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 is (1) 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.

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.

The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developers or any other landowners.

Future Debt

The District reserves the right to issue the remaining \$144,535,000 principal amount of unlimited tax bonds for acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds, \$67,542,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing recreational facilities and refunding of such bonds, \$195,130,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, including improvements in aid thereof, and the refunding of such bonds^(a), \$138,600,000 principal amount of unlimited tax bonds for parking facilities and refunding of such bonds, and \$51,200,000 principal amount of unlimited tax bonds for economic development and refunding of such bonds. See "THE BONDS—Issuance of Additional Debt," "ROAD SYSTEM," "PARK SYSTEM" and "THE WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM." Under current law, the District does not have the legal authority to issue bonds payable from ad valorem taxes for parking facilities or economic development projects, but intends to issue contract revenue bonds payable from the City's Tax Increment Fund, as described below.

The District has entered into a contract with the City and the Board of Directors of Reinvestment Zone Number Three City of Sugar Land (the "TIRZ") pursuant to which the District will assist in implementing the TIRZ Plan adopted by the TIRZ and approved by the City. Pursuant to such TIRZ Plan, the District will finance public improvements to allow development within the TIRZ, consisting of all the acreage in the District and some additional non-taxable right-of-way property. The District will finance the public improvements through (i) the issuance of unlimited tax bonds, including the Bonds, and (ii) the issuance of contract revenue bonds (the "Contract Revenue Bonds"), which are payable from funds in the City's Tax Increment Fund transferred to the District. The City deposits to the Tax Increment Fund a portion of the tax collections the City and the County receive within the boundaries of the TIRZ.

The TIRZ Plan provides for \$39,495,000 in public improvements to be financed through Contract Revenue Bonds, and \$131,445,000 in public improvements to be financed through the District's unlimited tax bonds. After reimbursement from proceeds of the Bonds, the District will continue to owe the Developers approximately \$31,800,000 plus interest for projects which have already been constructed or are currently under construction which will be financed through the District's unlimited tax bonds and approximately \$4,400,000 plus interest for projects which have already been constructed and will be financed through the District's Contract Revenue Bonds.

The District has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution.

(a) The Attorney General's office has taken the position that Texas law does not permit the District to issue road bonds for parking facilities payable from taxes and therefore has decreased the District's road bond authorization by \$40,000,000 with a remaining authorized but unissued amount of \$195,130,000. See "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

If additional bonds payable from taxes are issued in the future and property values have not increased proportionately, such issuance may increase gross tax-supported debt/property valuation ratios and adversely affect the investment quality or security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of tax-supported bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of Directors of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities, (but not roads or facilities in aid thereof, or recreational facilities) must be approved by the TCEQ.

The District has previously issued three series of Contract Revenue Bonds in the combined amount of \$15,440,000, of which \$13,550,000 principal is outstanding as of the date hereof. Contract Revenue Bonds are payable solely from funds in the City's Tax Increment Fund transferred to the District. They are not payable from ad valorem taxes levied by the District and their issuance does not affect the source of payment of the Bonds.

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. In order to maintain MS4 Permit compliance, the District is partnering with the city of Sugar Land (the “City”), to participate in the City’s program to develop, implement, and maintain the required plan (the “MS4 Permit Plan”) as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City’s MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

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

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

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

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement with the Initial Purchaser 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 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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches is limited.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser has entered into an agreement with Assured Guaranty Inc. ("AG" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim 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 "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

The obligations of the Insurer are contractual obligations and in the 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 Initial Purchaser 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.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement “THE BONDS,” “THE DISTRICT—General,” “REDEVELOPMENT AGREEMENT WITH CITY OF SUGAR LAND,” “TAX INCREMENT REINVESTMENT ZONE,” “UTILITY AGREEMENT WITH CITY OF SUGAR LAND,” “TAX 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 legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President and 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 Resolution that it will comply with these requirements.

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions.

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. The Bonds will not be designated "qualified tax-exempt obligations" for financial institutions.

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

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the 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.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by Raymond James & Associates, Inc. (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of 99.0909% of the principal amount thereof which resulted in a net effective interest rate of 4.094356% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that 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; nor have the Bonds 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.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) is expected to assign a municipal bond insured rating of “AA” (stable outlook) and Moody’s Investors Service, Inc. (“Moody’s”) is expected to assign a municipal bond insured rating of “A1” (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Insurer”). Moody’s has also assigned an underlying rating of “Baa2” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”

The ratings reflect only the view of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody’s, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

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

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At September 30, 2025:

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

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

Incorporation of Certain Documents by Reference

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

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

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

Any information regarding AG included herein under the caption “MUNICIPAL BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

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 Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District 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.

Co-Financial Advisor

Masterson Advisors LLC and Post Oak Municipal Advisors LLC (collectively referred to as the “Financial Advisors”) are employed as the co-Financial Advisors 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 their capacity as Financial Advisors, Masterson Advisors LLC and Post Oak Municipal Advisors LLC have compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisors have obtained the information set forth herein under the caption indicated from the following sources:

“THE DISTRICT” – the Developers, LJA Engineering, Inc. (“Engineer”), and Records of the District (“Records”); “THE DEVELOPERS AND MAJOR LANDOWNERS” – Developers; “ROAD SYSTEM” – Engineer; “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM” - Engineer; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” - Records; “FINANCIAL STATEMENT” - Fort Bend Central Appraisal District and Tax Tech, Inc., Tax Assessor/Collector; “ESTIMATED OVERLAPPING DEBT STATEMENT” - Municipal Advisory Council of Texas and Financial Advisors; “TAX DATA” – Tax Tech, Inc.; “MANAGEMENT” - District Records; “DEBT SERVICE REQUIREMENTS” - Financial Advisors; “THE BONDS,” “TAX PROCEDURES,” “LEGAL MATTERS,” and “TAX MATTERS” - Allen Boone Humphries Robinson LLP.

The Financial Advisors have provided the following sentence for inclusion in this Official Statement. The Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their 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 Advisors do not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled “THE DISTRICT,” “ROAD SYSTEM,” “PARK SYSTEM” and “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM” has been provided by LJA Engineering, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Fort Bend Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Fort Bend County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Tax Tech, Inc., and is included herein in reliance upon the authority of such firm as an expert in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending November 30, 2024 were audited by McGrath & Co., PLLC. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended November 30, 2024.

Bookkeeper: The information related to the “unaudited” summary of the District’s General Operating Fund as it appears in “GENERAL FUND—Operating Statement” has been provided by Myrtle Cruz, Inc. 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 Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time 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 of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain 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 financial information and operating data annually to the MSRB. The financial information and operating data which will be provided 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 "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED," "FINANCIAL STATEMENT," "TAX DATA," "GENERAL FUND," "DEBT SERVICE REQUIREMENTS" and in "APPENDIX A (District's Audited Financial Statements)." The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or 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 financial 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 November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain specified 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 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 within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated

person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although 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 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 holders 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 Resolution 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 Initial Purchaser 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 its continuing disclosure agreements made in accordance with SEC Rule 15c2-12, except as follows: The District filed an Event Notice for a “Non-payment related default” on May 28, 2021, related to an event that occurred on April 1, 2021, which was more than 10 business days after the event. The District filed the Event Notice promptly after it discovered the event.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendix 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.

This Official Statement was approved by the Board of Directors of Imperial Redevelopment District, as of the date shown on the cover page.

/s/ Tim Stubenrouch
President, Board of Directors
Imperial Redevelopment District

ATTEST:

/s/ Doug Turner
Secretary, Board of Directors
Imperial Redevelopment District

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of October 2025)



HWY 6

IMPERIAL REDEVELOPMENT DISTRICT

U.S. HWY 90



PHOTOGRAPHS OF THE DISTRICT
(Taken October 2025)













APPENDIX A

District Audited Financial Statements for the fiscal year ended November 30, 2024

IMPERIAL REVELOPMENT DISTRICT
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
November 30, 2024

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Imperial Redevelopment District
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Imperial Redevelopment District (the "District"), as of and for the year ended November 30, 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 Imperial Redevelopment District, as of November 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

***Board of Directors
Imperial Redevelopment District
Fort Bend County, Texas***

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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Imperial Redevelopment District
Fort Bend County, Texas***

the standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

McGuire & Co, P.C.

Houston, Texas
March 20, 2025

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Management's Discussion and Analysis

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***Imperial Redevelopment District
Management's Discussion and Analysis
November 30, 2024***

Using this Annual Report

Within this section of the financial report of Imperial Redevelopment District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended November 30, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is

*Imperial Redevelopment District
Management's Discussion and Analysis
November 30, 2024*

established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at November 30, 2024, was negative \$79,540,140. The District's net position is negative because the District incurs debt to construct certain public infrastructure facilities which it conveys to the City of Sugar Land. A comparative summary of the District's overall financial position, as of November 30, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 12,554,328	\$ 11,089,341
Capital assets	25,300,437	25,701,821
Total assets	<u>37,854,765</u>	<u>36,791,162</u>
Current liabilities	3,135,756	2,723,868
Long-term liabilities	109,193,811	109,144,644
Total liabilities	<u>112,329,567</u>	<u>111,868,512</u>
Total deferred inflows of resources	<u>5,065,338</u>	<u>5,072,843</u>
Net position		
Net investment in capital assets	(19,715,614)	(19,814,926)
Restricted	2,883,873	2,297,786
Unrestricted	<u>(62,708,399)</u>	<u>(62,633,053)</u>
Total net position	<u>\$ (79,540,140)</u>	<u>\$ (80,150,193)</u>

***Imperial Redevelopment District
Management's Discussion and Analysis
November 30, 2024***

The total net position of the District increased during the current fiscal year by \$610,053. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Property taxes, penalties and interest	\$ 5,063,621	\$ 4,648,856
Tax increment revenues	1,733,831	1,570,181
Other	440,350	327,666
Total revenues	<u>7,237,802</u>	<u>6,546,703</u>
Expenses		
Operating and administrative	522,440	582,083
Debt interest and fees	2,284,473	2,317,641
Developer interest	1,246,781	
Debt issuance costs	539,954	
Depreciation	1,014,472	975,558
Total expenses	<u>5,608,120</u>	<u>3,875,282</u>
Change in net position before other item	1,629,682	2,671,421
Other item		
Transfers to other governments	<u>(1,019,629)</u>	<u> </u>
Change in net position	610,053	2,671,421
Net position, beginning of year	<u>(80,150,193)</u>	<u>(82,821,614)</u>
Net position, end of year	<u>\$ (79,540,140)</u>	<u>\$ (80,150,193)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of November 30, 2024, were \$7,453,757 which consists of \$1,332,029 in the General Fund, \$3,110,866 in the Debt Service Fund, \$887,859 in the Capital Projects Fund and \$2,123,003 in the TIRZ Revenue Fund.

***Imperial Redevelopment District
Management’s Discussion and Analysis
November 30, 2024***

General Fund

A comparative summary of the General Fund’s financial position as of November 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 1,962,102</u>	<u>\$ 2,970,301</u>
Total liabilities	\$ 20,762	\$ 44,306
Total deferred inflows	609,311	997,701
Total fund balance	<u>1,332,029</u>	<u>1,928,294</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,962,102</u>	<u>\$ 2,970,301</u>

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 1,129,096	\$ 1,187,326
Total expenditures	<u>(406,992)</u>	<u>(456,241)</u>
Revenues over expenditures	722,104	731,085
Other changes in fund balance	<u>(1,318,369)</u>	<u></u>
Net change in fund balance	<u>\$ (596,265)</u>	<u>\$ 731,085</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2023 levy was recognized as revenues in the 2024 fiscal year, while the 2022 levy was recognized in the 2023 fiscal year (to the extent that these amounts were collected). While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

Debt Service Fund

A comparative summary of the Debt Service Fund’s financial position as of November 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 7,581,364</u>	<u>\$ 6,564,136</u>
Total liabilities	\$ 6,985	\$ 7,547
Total deferred inflows	4,463,513	4,082,112
Total fund balance	<u>3,110,866</u>	<u>2,474,477</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 7,581,364</u>	<u>\$ 6,564,136</u>

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 4,281,347	\$ 3,720,174
Total expenditures	<u>(4,784,077)</u>	<u>(4,273,659)</u>
Revenues under expenditures	(502,730)	(553,485)
Other changes in fund balance	<u>1,139,119</u>	<u>822,943</u>
Net change in fund balance	<u>\$ 636,389</u>	<u>\$ 269,458</u>

The District’s financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of November 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 887,859</u>	<u>\$ 221,143</u>
Total fund balance	<u>\$ 887,859</u>	<u>\$ 221,143</u>

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 27,470	\$ 14,251
Total expenditures	<u>(7,734,885)</u>	<u>(22,500)</u>
Revenues under expenditures	(7,707,415)	(8,249)
Other changes in fund balance	<u>8,374,131</u>	<u></u>
Net change in fund balance	<u>\$ 666,716</u>	<u>\$ (8,249)</u>

The District’s capital asset activity in the current year was financed primarily with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds. There was no significant capital asset activity in the previous fiscal year.

**Imperial Redevelopment District
 Management’s Discussion and Analysis
 November 30, 2024**

TIRZ Revenue Fund

The TIRZ Revenue Fund is used to account for tax increment revenues received from the City of Sugar Land and Fort Bend County, Texas. Expenditures include debt service on the District’s Tax Increment Contract Revenues Bonds. See Note 10 and 11 for additional information. A comparative summary of the TIRZ Revenue Fund’s financial position as of November 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	\$ 2,123,003	\$ 1,333,761
Total fund balance	\$ 2,123,003	\$ 1,333,761

A comparative summary of activities for the TIRZ Revenue Fund’s current and prior fiscal year is as follows:

	2024	2023
Total revenues	\$ 1,799,375	\$ 1,624,322
Total expenditures	(36,252)	(31,404)
Revenues over expenditures	1,763,123	1,592,918
Other changes in fund balance	(973,881)	(822,943)
Net change in fund balance	\$ 789,242	\$ 769,975

During the current year, the TIRZ Revenue Fund transferred \$973,881 to the Debt Service Fund to cover debt service requirements on the District’s Tax Increment Contract Revenue Bonds.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$1,189,542 less than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

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

***Imperial Redevelopment District
Management's Discussion and Analysis
November 30, 2024***

Capital assets held by the District at November 30, 2024 and 2023, are summarized as follows:

	<u>2024</u>	<u>2023</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 10,771,559</u>	<u>\$ 10,771,559</u>
Capital assets being depreciated		
Drainage facilities	5,548,165	5,397,427
Street lights	727,038	727,038
Pedestrian bridges	1,077,357	1,077,357
Landscaping improvements	13,737,178	13,737,178
Connection fees	<u>2,102,765</u>	<u>1,640,415</u>
	<u>23,192,503</u>	<u>22,579,415</u>
Less accumulated depreciation		
Drainage facilities	(1,250,931)	(1,127,639)
Street lights	(472,576)	(436,224)
Pedestrian bridges	(425,817)	(389,905)
Landscaping improvements	(5,996,266)	(5,309,409)
Connection fees	<u>(518,035)</u>	<u>(385,976)</u>
	<u>(8,663,625)</u>	<u>(7,649,153)</u>
Depreciable capital assets, net	<u>14,528,878</u>	<u>14,930,262</u>
Capital assets, net	<u>\$ 25,300,437</u>	<u>\$ 25,701,821</u>

Capital asset additions during the current year were connections fees paid to the City of Sugar Land for Crown Garden at Imperial Section 2B.

Additionally, certain capital assets constructed by the District are conveyed to the City of Sugar Land. These assets are recorded as transfers to other governments upon completion of construction. For the year ended November 30, 2024, capital assets in the amount of \$1,019,629 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of November 30, 2024, the District owes approximately \$41,704,961 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$2,878,495 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

***Imperial Redevelopment District
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At November 30, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2016 Road	\$ 9,800,000	\$ 10,180,000
2016 Contract	3,955,000	4,110,000
2017	1,800,000	1,900,000
2018	4,900,000	5,105,000
2018 Park	3,495,000	3,605,000
2019	4,925,000	5,095,000
2020 Road	4,180,000	4,305,000
2020A	9,090,000	9,515,000
2022 Park	4,950,000	5,175,000
2022A Park	5,975,000	6,225,000
2022 Contract	7,355,000	7,615,000
2022A Contract	2,760,000	2,845,000
2024	7,500,000	
	\$ 70,685,000	\$ 65,675,000

During the current year, the District issued \$7,500,000 in unlimited tax bonds. At November 30, 2024, the District had \$153,535,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and refunding of such bonds; \$67,542,000 for parks and recreational facilities and refunding of such bonds; \$195,130,000 for road improvements and refunding of such bonds; \$138,600,000 for parking facilities and refunding of such bonds and \$51,200,000 for economic development and refunding of such bonds.

Next Year’s Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	2024 Actual	2025 Budget
Total revenues	\$ 1,129,096	\$ 1,125,500
Total expenditures	(406,992)	(476,766)
Revenues over expenditures	722,104	648,734
Other changes in fund balance	(1,318,369)	
Net change in fund balance	(596,265)	648,734
Beginning fund balance	1,928,294	1,332,029
Ending fund balance	\$ 1,332,029	\$ 1,980,763

Basic Financial Statements

Imperial Redevelopment District
Statement of Net Position - Governmental Activities
November 30, 2024

Assets

Cash	\$ 353,296
Investments	7,357,472
Taxes receivable	4,836,994
Prepaid items	6,566
Capital assets not being depreciated	10,771,559
Capital assets, net	<u>14,528,878</u>
Total Assets	<u><u>37,854,765</u></u>

Liabilities

Accounts payable	20,762
Other payables	6,985
Accrued interest payable	233,009
Due to developer	41,704,961
Long-term debt	
Due within one year	2,875,000
Due after one year	<u>67,488,850</u>
Total Liabilities	<u><u>112,329,567</u></u>

Deferred Inflows of Resources

Deferred property taxes	<u>5,065,338</u>
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Net Position

Net investment in capital assets	(19,715,614)
Restricted for debt service	2,883,873
Unrestricted	<u>(62,708,399)</u>
Total Net Position	<u><u>\$ (79,540,140)</u></u>

See notes to basic financial statements.

Imperial Redevelopment District
Statement of Activities - Governmental Activities
For the Year Ended November 30, 2024

Expenses

Operating and administrative	
Professional fees	\$ 138,271
Contracted services	88,171
Repairs and maintenance	204,585
Utilities	16,621
Administrative	62,237
Other	12,555
Debt service	
Debt interest and fees	2,284,473
Developer interest	1,246,781
Debt issuance costs	539,954
Depreciation	1,014,472
Total Expenses	<u>5,608,120</u>

General Revenues

Property taxes	5,014,680
Penalties and interest	48,941
Tax increment revenues	1,733,831
Investment earnings	440,350
Total general revenues	<u>7,237,802</u>

Revenues Over Expenses 1,629,682

Other Items

Transfer to other governments (1,019,629)

Change in Net Position 610,053

Net Position

Beginning of the year (80,150,193)

End of the year \$ (79,540,140)

See notes to basic financial statements.

*Imperial Redevelopment District
Balance Sheet - Governmental Funds
November 30, 2024*

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ Revenue Fund	Total
Assets					
Cash	\$ 6,641	\$ 346,655	\$ -	\$ -	\$ 353,296
Investments	2,120,932	3,028,976	925,545	1,282,019	7,357,472
Taxes receivable	581,011	4,255,983			4,836,994
Internal balances	(753,048)	(50,250)	(37,686)	840,984	
Prepaid items	6,566				6,566
Total Assets	\$ 1,962,102	\$ 7,581,364	\$ 887,859	\$ 2,123,003	\$ 12,554,328
Liabilities					
Accounts payable	\$ 20,762	\$ -	\$ -	\$ -	\$ 20,762
Other payables		6,985			6,985
Total Liabilities	20,762	6,985			27,747
Deferred Inflows of Resources					
Deferred property taxes	609,311	4,463,513			5,072,824
Fund Balances/Net Position					
Fund Balances					
Nonspendable	6,566				6,566
Restricted		3,110,866	887,859	2,123,003	6,121,728
Unassigned	1,325,463				1,325,463
Total Fund Balances	1,332,029	3,110,866	887,859	2,123,003	7,453,757
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,962,102	\$ 7,581,364	\$ 887,859	\$ 2,123,003	\$ 12,554,328

See notes to basic financial statements.

***Imperial Redevelopment District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
November 30, 2024***

Total fund balance, governmental funds \$ 7,453,757

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 33,964,062	
Less accumulated depreciation	<u>(8,663,625)</u>	
Change due to capital assets		25,300,437

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net	(70,363,850)	
Due to developer	(41,704,961)	
Interest payable on bonds	<u>(233,009)</u>	
Change due to long-term debt		(112,301,820)

Deferred inflows in the fund statements consist of the unavailable portion of property taxes receivable and collections of the 2024 levy. In the government-wide statements, however, deferred inflows consist of the entire 2024 property tax levy.

Fund-level deferred property taxes	5,072,824	
Government-wide level deferred property taxes	<u>(5,065,338)</u>	
Change due to property taxes		7,486

Total net position - governmental activities	\$ (79,540,140)
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See notes to basic financial statements.

Imperial Redevelopment District
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended November 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ Revenue Fund	Total
Revenues					
Property taxes	\$ 982,830	\$ 4,031,334	\$ -	\$ -	\$ 5,014,164
Penalties and interest		48,941			48,941
Tax increment revenues				1,733,831	1,733,831
Investment earnings	146,266	201,072	27,470	65,544	440,352
Total Revenues	<u>1,129,096</u>	<u>4,281,347</u>	<u>27,470</u>	<u>1,799,375</u>	<u>7,237,288</u>
Expenditures/Expenses					
Operating and administrative					
Professional fees	138,271				138,271
Contracted services	22,040	66,131			88,171
Repairs and maintenance	204,585				204,585
Utilities	16,621				16,621
Administrative	24,495	3,065		34,677	62,237
Other	980	10,000		1,575	12,555
Capital outlay			5,948,150		5,948,150
Debt service					
Principal		2,490,000			2,490,000
Interest and fees		2,214,881			2,214,881
Developer interest			1,246,781		1,246,781
Debt issuance costs			539,954		539,954
Total Expenditures/Expenses	<u>406,992</u>	<u>4,784,077</u>	<u>7,734,885</u>	<u>36,252</u>	<u>12,962,206</u>
Revenues Over (Under)					
Expenditures	722,104	(502,730)	(7,707,415)	1,763,123	(5,724,918)
Other Financing Sources/(Uses)					
Proceeds from sale of bonds			7,500,000		7,500,000
Repayment of operating advances			(279,000)		(279,000)
Internal transfers	(1,318,369)	1,139,119	1,153,131	(973,881)	
Net Change in Fund Balances	(596,265)	636,389	666,716	789,242	1,496,082
Change in Net Position					
Fund Balance/Net Position					
Beginning of the year	1,928,294	2,474,477	221,143	1,333,761	5,957,675
End of the year	<u>\$ 1,332,029</u>	<u>\$ 3,110,866</u>	<u>\$ 887,859</u>	<u>\$ 2,123,003</u>	<u>\$ 7,453,757</u>

See notes to basic financial statements.

***Imperial Redevelopment District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
November 30, 2024***

Net change in fund balances - governmental funds \$ 1,496,082

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes. 516

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlay	\$ 5,948,150	
Transfers to other governments	(1,019,629)	
Depreciation expense	<u>(1,014,472)</u>	
		3,914,049

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long term debt	(7,500,000)	
Repayment of developer advances	279,000	
Principal payments	2,490,000	
Interest expense accrual	<u>(69,594)</u>	
		(4,800,594)

Change in net position of governmental activities \$ 610,053

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Imperial Redevelopment District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was created under Article XVI, Section 59 of the Texas Constitution by House Bill 3554, as passed by the seventy-ninth (79th) Texas Legislature on June 18, 2005, and operates in accordance with the Special District Local Laws Code, Chapter 8150, and the Texas Water Code, Chapters 49 and 54. The District was created for the purpose of providing water, sewer and drainage facilities, parks, roads and other public infrastructure to facilitate the development of land within its boundaries. The District is authorized to issue bonds for the purpose of acquiring and constructing the facilities. The Board of Directors held its first meeting on September 19, 2007 and the first bonds were sold on October 13, 2016.

The District’s primary activities include construction, of water, sewer, drainage, roads, parks and other public facilities. As further discussed in Note 9, the District transfers the water, sewer, drainage and road facilities to the City of Sugar Land (the “City”) for operation and maintenance upon completion of construction. The District retains and maintains detention and park facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll, or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by a five-member Board of Directors appointed by the City Council of the City. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate and be fiscally independent of other governments. Since the District does not have an elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit’s governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While the City appoints the Directors of the District, it has no further financial accountability for the District. Under these criteria, the District is not a component unit of the City or any other governmental entity. Another stand-alone government is an entity that does not have a separately elected governing body and is not a component unit of another government. For financial reporting purposes, the District is a stand-alone government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has four governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of infrastructure in the District.
- TIRZ Revenue Fund is a special revenue fund used to account for tax increment revenues received from the City of Sugar Land and Fort Bend County, Texas. Expenditures include debt service payments on tax increment contract revenue bonds.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At November 30, 2024, allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

***Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024***

Depreciable capital assets are depreciated using the straight-line method as follows:

Assets	Useful Life
Drainage facilities	45 years
Streetlights	20 years
Pedestrian bridges	30 years
Landscaping improvements	20 years
Connection fees	30 years [max]

The District’s detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2024 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund, property taxes levied for debt service in the Debt Service Fund and tax increment revenues in the TIRZ Revenue Fund.

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. This new guidance had no effect on the District’s financial statements during the current fiscal year.

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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

Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024

As of November 30, 2024, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	\$ 2,120,932		
	Debt Service	3,028,976		
	Capital Projects	925,545		
	TIRZ Revenue	1,282,019		
Total		<u>\$ 7,357,472</u>	AAAm	35 days

TexSTAR

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

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

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at November 30, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General	Debt Service	\$ 50,250	Maintenance tax collections not remitted as of year end and arbitrage paid by the General Fund.
General	Capital Projects	37,686	Bond application fees paid by the General Fund.
TIRZ Revenue	General	840,984	TIRZ revenues deposited in the General Fund.

***Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024***

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

A summary of internal transfers for the current fiscal year is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>	<u>Purpose</u>
TIRZ Revenue	Debt Service	\$ 973,881	TIRZ Revenue bonds debt service requirements.
General	Debt Service	165,238	TIRZ Revenue bonds debt service requirements.
Capital Projects	General	1,153,131	Reimbursement of capital outlay and bond application fees paid by General Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended November 30, 2024, is as follows:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Ending Balances</u>
Capital assets not being depreciated			
Land and improvements	\$ 10,771,559	\$ -	\$ 10,771,559
Capital assets being depreciated			
Drainage	5,397,427	150,738	5,548,165
Street lights	727,038		727,038
Bridges	1,077,357		1,077,357
Landscaping improvements	13,737,178		13,737,178
Connection fees	1,640,415	462,350	2,102,765
	<u>22,579,415</u>	<u>613,088</u>	<u>23,192,503</u>
Less accumulated depreciation			
Drainage	(1,127,639)	(123,292)	(1,250,931)
Street lights	(436,224)	(36,352)	(472,576)
Bridges	(389,905)	(35,912)	(425,817)
Landscaping improvements	(5,309,409)	(686,857)	(5,996,266)
Connection fees	(385,976)	(132,059)	(518,035)
	<u>(7,649,153)</u>	<u>(1,014,472)</u>	<u>(8,663,625)</u>
Subtotal depreciable capital assets, net	<u>14,930,262</u>	<u>(401,384)</u>	<u>14,528,878</u>
Capital assets, net	<u>\$ 25,701,821</u>	<u>\$ (401,384)</u>	<u>\$ 25,300,437</u>

Depreciation expense for the current fiscal year was \$1,014,472

During the current year, the District revised its estimate of the amounts due to developer for certain capital assets and adjusted the values of those assets accordingly.

*Imperial Redevelopment District
 Notes to Financial Statements
 November 30, 2024*

Note 6 – Due to Developer

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

Changes in the estimated amounts due to developer during the year is as follows:

Due to developer, beginning of year	\$ 46,299,394
Developer reimbursements	(5,948,150)
Developer funded construction and adjustments	1,632,717
Repayment of operating advances	(279,000)
Due to developer, end of year	<u><u>\$ 41,704,961</u></u>

In addition, the District will owe the developer approximately \$2,878,495, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Construction of the Pond NL-1 Detention Expansion	\$ 582,097	22%
Imperial Lift Station No. 1 Expansion	540,000	0%
Regional Force Main Phase II	1,756,398	0%
	<u><u>\$ 2,878,495</u></u>	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 70,685,000
Unamortized discounts	(321,150)
	<u><u>\$ 70,363,850</u></u>
 Due within one year	 <u><u>\$ 2,875,000</u></u>

Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024

The District's bonds payable at November 30, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016 Road	\$ 9,800,000	\$ 12,135,000	2.0% - 3.625%	May 1, 2018/2041	May 1, November 1	May 1, 2024
2016 TIRZ Revenue	3,955,000	4,980,000	2.0% - 3.75%	May 1, 2018/2042	May 1, November 1	May 1, 2024
2017	1,800,000	2,500,000	1.75% - 4.0%	May 1, 2019/2042	May 1, November 1	May 1, 2024
2018	4,900,000	6,055,000	3.0% - 5.0%	May 1, 2019/2043	May 1, November 1	May 1, 2023
2018 Park	3,495,000	4,000,000	4.0% - 6.0%	May 1, 2020/2044	May 1, November 1	May 1, 2024
2019	4,925,000	5,645,000	3.0% - 5.5%	May 1, 2020/2044	May 1, November 1	May 1, 2024
2020 Road	4,180,000	4,635,000	2.0% - 4.5%	May 1, 2021/2045	May 1, November 1	May 1, 2025
2020A	9,090,000	10,365,000	2.0% - 4.5%	May 1, 2022/2045	May 1, November 1	May 1, 2025
2022 Park	4,950,000	5,400,000	2.0% - 4.5%	May 1, 2023/2046	May 1, November 1	May 1, 2027
2022A Park	5,975,000	6,225,000	3.0% - 5.0%	May 1, 2024/2047	May 1, November 1	May 1, 2028
2022 TIRZ Revenue	7,355,000	7,615,000	4.0% - 5.0%	May 1, 2024/2042	May 1, November 1	May 1, 2028
2022A TIRZ Revenue	2,760,000	2,845,000	4.7% - 7.0%	May 1, 2024/2042	May 1, November 1	May 1, 2028
2024	7,500,000	7,500,000	4.0% - 4.25%	May 1, 2025/2048	May 1, November 1	May 1, 2030
	<u>\$ 70,685,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Payments of principal and interest on tax increment contract revenue bonds are pledged from tax increment revenues received from the City and Fort Bend County, Texas. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At November 30, 2024, the District had \$153,535,000 unlimited tax bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and refunding of such bonds; \$67,542,000 for park and recreational facilities and refunding of such bonds; \$195,130,000 for road improvements and refunding of such

Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024

bonds; \$138,600,000 for parking facilities and refunding of such bonds; and \$51,200,000 for economic development and refunding of such bonds. The Attorney General's office currently does not recognize the District's ability to sell bonds for economic development purposes or parking facilities payable from ad valorem taxes.

On September 20, 2024, the District issued its \$7,500,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.155938%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	\$ 65,675,000
Bonds issued	7,500,000
Bonds retired	<u>(2,490,000)</u>
Bonds payable, end of year	<u><u>\$ 70,685,000</u></u>

***Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024***

As of November 30, 2024, annual debt service requirements on bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 2,875,000	\$ 2,437,756	\$ 5,312,756
2026	2,940,000	2,293,956	5,233,956
2027	3,005,000	2,190,131	5,195,131
2028	3,075,000	2,087,845	5,162,845
2029	3,155,000	1,989,432	5,144,432
2030	3,225,000	1,890,409	5,115,409
2031	3,305,000	1,786,971	5,091,971
2032	3,395,000	1,677,324	5,072,324
2033	3,485,000	1,562,175	5,047,175
2034	3,570,000	1,442,612	5,012,612
2035	3,655,000	1,318,067	4,973,067
2036	3,750,000	1,188,565	4,938,565
2037	3,825,000	1,054,963	4,879,963
2038	3,910,000	916,942	4,826,942
2039	4,020,000	773,480	4,793,480
2040	4,125,000	624,741	4,749,741
2041	4,220,000	470,694	4,690,694
2042	3,525,000	325,620	3,850,620
2043	2,365,000	219,682	2,584,682
2044	2,105,000	145,806	2,250,806
2045	1,510,000	88,077	1,598,077
2046	785,000	50,587	835,587
2047	560,000	24,487	584,487
2048	300,000	6,375	306,375
	<u>\$ 70,685,000</u>	<u>\$ 26,566,697</u>	<u>\$ 97,251,697</u>

Note 8 – Property Taxes

On November 8, 2011, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value, road facilities limited to \$0.25 per \$100 assessed value and economic development limited to \$1.50 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Imperial Redevelopment District
Notes to Financial Statements
November 30, 2024

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$1.07 per \$100 of assessed value, of which \$0.21 was allocated to maintenance and operations, \$0.67 was allocated to water, sewer and drainage debt service, and \$0.19 was allocated to road debt service. The resulting tax levy was \$5,064,433 on the adjusted taxable value of \$473,311,537.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, no considered available for the District’s use during the current fiscal year. Consequently, 2024 levy collections in the amount of \$235,829 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the governmentwide *Statement of Net Position*, the full 2024 tax levy of \$5,065,338 is reported as deferred inflows. These amounts will be recognized as revenue in 2025.

Property taxes receivable, at November 30, 2024, consisted of the following:

Current year taxes receivable	\$ 4,829,509
Prior years taxes receivable	7,485
Property taxes receivable	<u>\$ 4,836,994</u>

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City, the District transfers certain public infrastructure (i.e., water, sewer, drainage and road facilities) to the City (see Note 10). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended November 30, 2024, the District reported transfers to other governments in the amount \$1,019,629 for projects completed and transferred to the City and developer reimbursements for projects completed in previous fiscal years.

Note 10 – Utility Agreement with the City of Sugar Land

On June 26, 2007, Cherokee Sugar Land LP (the “Developer”) entered into a 30-year utility agreement with the City for construction of water, wastewater, and drainage facilities (the “Facilities”) to serve land within the District. The Developer’s rights and obligations under this agreement were subsequently assigned to the District Facilities. The District is obligated to construct the Facilities and, when completed, to convey title to the System to the City.

The City will operate and maintain the Facilities, as defined above, and will establish water and sewer rates and collection charges from customers in the District. Water and sewer rates charged by the City to users in the District shall be the same rates charged to similar users within the City. All revenue derived from these charges belong to the City.

The District or its developer will pay the City a capital recovery charge (the “connection fee”) per each equivalent single-family connection needed to serve the District. The connection fee is set by the City and may be amended without the District’s consent at any time. The term of the agreement is 30 years.

Note 11 – Redevelopment Agreement

On June 26, 2007, the City and the Developer entered into a Redevelopment Agreement to facilitate redevelopment of a 721-acre tract of land in Fort Bend County known as the Imperial Tract. Subsequent amendments to the agreement were executed on October 5, 2010, January 28, 2014, and May 3, 2016, by successor in interest to the developer. The District was added to the agreement with the First Amendment. The Redevelopment Agreement and all amendments are collectively referred to as the “Redevelopment Agreement.” The Redevelopment Agreement is effective until the expiration of the term of the TIRZ, which is 2042.

The Imperial Tract will be developed into a master planned community with single family residential, commercial, and recreational facilities. The redevelopment will also include the repurposing of certain historical structures. Key provisions of the Redevelopment Agreement are as follows:

- The developer conveyed property to the District which conveyed it to the City for construction of Constellation Field, a baseball stadium. The City contributed \$10 million for public infrastructure and parking facilities to serve Constellation Field to be reimbursed from District TIRZ bonds proceeds. The District was required to reimburse the City \$12,614,543.75 upon the District achieving a certified assessed value of \$400,000,000. As of November 30, 2024, the District has reimbursed the City in full.
- The District was required to reimburse the City for the District’s share of an extension of University Boulevard, which was estimated to be \$14.9 million. As of November 30, 2024, the District has reimbursed the City in full.
- The District may not issue bonds payable from tax increment revenues and ad valorem road bonds (with the exception of University Boulevard and Constellation Field) until certain development thresholds are met by the developer.
- All proceeds of the District’s bond issues must be applied per the priorities described in the Redevelopment Agreement.
- The District must use bond proceeds to make payments to the City by certain dates assuming values exist in the District to feasibly issue such bonds. The District has made all requisite payments to the City.

Note 12 – Tax Increment Reinvestment Zone

In conjunction with the redevelopment of the Imperial Tract, the City created Reinvestment Zone Number Three, City of Sugar Land (the “TIRZ”) for an initial term of 30 years, which was extended to the earlier of December 31, 2042, or such time that any tax increment bonds issued to pay project costs have been paid in full. The TIRZ is intended to facilitate public improvements for development of a master planned mixed used community with single family residential, commercial, recreational (including a sports stadium), museums, and other arts and entertainment venues, associated land, associated parking and related infrastructure, and the preservation and re-use of certain historic structures at the Imperial Sugar site and a museum to house Imperial Sugar artifacts (collectively, the “Project”).

Note 13 – Tri-Party Agreement

The City, the TIRZ, and the District entered into a Tri-Party Agreement dated August 16, 2016 (but effective December 4, 2007) to effectuate the TIRZ plan and distribute the City's Tax Increment Fund. The Tri-Party Agreement authorized the District to issue contract revenues bonds payable from tax increment revenues.

Pursuant to the Tri-Party Agreement, the City established a Tax Increment Fund, which includes subaccounts for the County's Tax Increment and for the City's Sales Tax Increment. The City, on behalf of the TIRZ, will pay the District, no later than the first business day following each March 31 and September 30 all monies available in the City's Tax Increment Fund. The District created a TIRZ Revenue Fund for the purpose of receiving the Tax Increment from the City and paying debt service on the District's tax increment contract revenue bonds. During the current fiscal year, the District's TIRZ Revenue Fund received \$1,733,831 in tax increment revenues and transferred \$973,881 to the Debt Service Fund for debt service requirements on tax increment contract revenue bonds.

As part of the initial distribution of TIRZ revenues, \$200,000 will remain in the City's Tax Increment Fund for administrative costs related to the creation of the TIRZ. As of November 30, 2024, any of the administrative reserve remaining in the Tax Increment Fund will be transferred to the District's TIRZ Revenue Fund. The City will also withhold 2% available in the Tax Increment Fund for administrative costs.

This agreement will remain in effect until the latter of the termination of the TIRZ, expected to be December 31, 2042, or when all obligations of the Redevelopment Agreement have been satisfied or full payments or defeasance has been made of all Contract Revenue Bonds or all the District's obligations have been met.

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

*Imperial Redevelopment District
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended November 30, 2024*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 975,000	\$ 982,830	\$ 7,830
Investment earnings	97,000	146,266	49,266
Total Revenues	<u>1,072,000</u>	<u>1,129,096</u>	<u>57,096</u>
Expenditures			
Operating and administrative			
Professional fees	190,000	138,271	51,729
Contracted services	21,000	22,040	(1,040)
Repairs and maintenance	213,000	204,585	8,415
Utilities	25,000	16,621	8,379
Administrative	27,723	24,495	3,228
Other	2,000	980	1,020
Total Expenditures	<u>478,723</u>	<u>406,992</u>	<u>71,731</u>
Revenues Over Expenditures	593,277	722,104	128,827
Other Financing Uses			
Internal transfers		<u>(1,318,369)</u>	<u>(1,318,369)</u>
Net Change in Fund Balance	593,277	(596,265)	(1,189,542)
Fund Balance			
Beginning of the year	<u>1,928,294</u>	<u>1,928,294</u>	
End of the year	<u>\$ 2,521,571</u>	<u>\$ 1,332,029</u>	<u>\$ (1,189,542)</u>

Imperial Redevelopment District
Notes to Required Supplementary Information
November 30, 2024

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Imperial Redevelopment District
TSI-1. Services and Rates
November 30, 2024

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

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

2. Retail Service Providers N/A

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No
 Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Imperial Redevelopment District
TSI-1. Services and Rates
November 30, 2024

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

Gallons pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </u>

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

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: City of Sugar Land

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

Entirely Partly Not at all

ETJs in which the District is located: _____

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

If Yes, by whom? City Council of the City of Sugar Land

See accompanying auditor's report.

Imperial Redevelopment District
TSI-2. General Fund Expenditures
For the Year Ended November 30, 2024

Professional fees	
Legal	\$ 99,993
Audit	16,000
Engineering	22,278
	<u>138,271</u>
Contracted services	
Bookkeeping	<u>22,040</u>
Repairs and maintenance	<u>204,585</u>
Utilities	<u>16,621</u>
Administrative	
Directors fees	13,493
Printing and office supplies	2,144
Insurance	8,030
Other	828
	<u>24,495</u>
Other	<u>980</u>
Total expenditures	<u>\$ 406,992</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-3. Investments
November 30, 2024

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexSTAR	Variable	N/A	<u>\$ 2,120,932</u>
Debt Service			
TexSTAR	Variable	N/A	99
TexSTAR	Variable	N/A	2,376,330
TexSTAR	Variable	N/A	652,547
			<u>3,028,976</u>
Capital Projects			
TexSTAR	Variable	N/A	43,552
TexSTAR	Variable	N/A	218,494
TexSTAR	Variable	N/A	30,353
TexSTAR	Variable	N/A	633,146
			<u>925,545</u>
TIRZ Revenue			
TexSTAR	Variable	N/A	705,294
TexSTAR	Variable	N/A	576,725
			<u>1,282,019</u>
Total - All Funds			<u><u>\$ 7,357,472</u></u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-4. Taxes Levied and Receivable
November 30, 2024

	Maintenance Taxes	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 953,046	\$ 3,039,376	\$ 862,158	\$ 4,854,580
Adjustments to Prior Year Tax Levy	(13,410)	(33,456)	(11,297)	(58,163)
Adjusted Receivable	939,636	3,005,920	850,861	4,796,417
2024 Original Tax Levy	604,004	3,468,997	960,367	5,033,368
Adjustments	3,836	22,034	6,100	31,970
Adjusted Tax Levy	607,840	3,491,031	966,467	5,065,338
Total to be accounted for	1,547,476	6,496,951	1,817,328	9,861,755
Tax collections:				
Current year	28,300	162,533	44,996	235,829
Prior years	938,166	3,001,239	849,527	4,788,932
Total Collections	966,466	3,163,772	894,523	5,024,761
Taxes Receivable, End of Year	\$ 581,010	\$ 3,333,179	\$ 922,805	\$ 4,836,994
Taxes Receivable, By Years				
2024	\$ 579,540	\$ 3,328,498	\$ 921,471	\$ 4,829,509
2023	1,457	4,649	1,318	7,424
2021 and prior	13	32	16	61
Taxes Receivable, End of Year	\$ 581,010	\$ 3,333,179	\$ 922,805	\$ 4,836,994
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 143,178,015	\$ 120,526,806	\$ 111,594,710	\$ 106,251,920
Improvements	515,833,157	477,583,523	391,391,734	302,265,270
Personal Property	5,098,064	6,854,279	3,190,290	6,524,893
Exemptions	(157,575,401)	(131,653,071)	(90,994,765)	(51,821,295)
Total Property Valuations	\$ 506,533,835	\$ 473,311,537	\$ 415,181,969	\$ 363,220,788
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.1200	\$ 0.21	\$ 0.260	\$ 0.26
W-S-D debt service tax rates	0.6892	0.67	0.625	0.59
Road debt service tax rates	0.1908	0.19	0.215	0.25
Total Tax Rates per \$100 Valuation	\$ 1.0000	\$ 1.07	\$ 1.10	\$ 1.10
Adjusted Tax Levy:	\$ 5,065,338	\$ 5,064,433	\$ 4,567,002	\$ 3,995,429
Percentage of Taxes Collected to Taxes Levied **	4.66%	99.85%	100.00%	99.99%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 8, 2011

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 8, 2011

**** Maximum Economic Development Tax Rate Approved by Voters: \$1.50 on November 8, 2011

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

See accompanying auditors' report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2016 Road--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 395,000	\$ 331,119	\$ 726,119
2026	415,000	318,969	733,969
2027	435,000	306,219	741,219
2028	450,000	292,944	742,944
2029	470,000	278,850	748,850
2030	495,000	263,462	758,462
2031	515,000	246,728	761,728
2032	540,000	228,588	768,588
2033	565,000	209,250	774,250
2034	590,000	189,037	779,037
2035	615,000	167,565	782,565
2036	645,000	144,728	789,728
2037	670,000	120,894	790,894
2038	700,000	96,063	796,063
2039	735,000	70,054	805,054
2040	765,000	42,866	807,866
2041	800,000	14,500	814,500
	<u>\$ 9,800,000</u>	<u>\$ 3,321,836</u>	<u>\$ 13,121,836</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2016 Tax Increment Contract Revenue--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 160,000	\$ 135,582	\$ 295,582
2026	165,000	130,707	295,707
2027	170,000	125,682	295,682
2028	175,000	120,507	295,507
2029	185,000	114,991	299,991
2030	190,000	109,013	299,013
2031	195,000	102,635	297,635
2032	205,000	95,756	300,756
2033	210,000	88,493	298,493
2034	220,000	80,968	300,968
2035	225,000	73,040	298,040
2036	235,000	64,703	299,703
2037	245,000	56,003	301,003
2038	255,000	46,781	301,781
2039	265,000	37,031	302,031
2040	275,000	26,906	301,906
2041	285,000	16,406	301,406
2042	295,000	5,531	300,531
	<u>\$ 3,955,000</u>	<u>\$ 1,430,735</u>	<u>\$ 5,385,735</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 100,000	\$ 62,025	\$ 162,025
2026	100,000	59,125	159,125
2027	100,000	56,125	156,125
2028	100,000	53,075	153,075
2029	100,000	49,950	149,950
2030	100,000	46,750	146,750
2031	100,000	43,438	143,438
2032	100,000	40,000	140,000
2033	100,000	36,500	136,500
2034	100,000	32,938	132,938
2035	100,000	29,313	129,313
2036	100,000	25,625	125,625
2037	100,000	21,875	121,875
2038	100,000	18,000	118,000
2039	100,000	14,000	114,000
2040	100,000	10,000	110,000
2041	100,000	6,000	106,000
2042	100,000	2,000	102,000
	<u>\$ 1,800,000</u>	<u>\$ 606,739</u>	<u>\$ 2,406,739</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 210,000	\$ 162,288	\$ 372,288
2026	215,000	155,913	370,913
2027	220,000	149,388	369,388
2028	225,000	142,713	367,713
2029	230,000	135,888	365,888
2030	235,000	128,913	363,913
2031	240,000	121,338	361,338
2032	245,000	113,153	358,153
2033	250,000	104,800	354,800
2034	255,000	96,119	351,119
2035	260,000	87,106	347,106
2036	265,000	77,919	342,919
2037	270,000	68,557	338,557
2038	275,000	59,019	334,019
2039	280,000	49,306	329,306
2040	285,000	39,241	324,241
2041	290,000	28,819	318,819
2042	325,000	17,672	342,672
2043	325,000	5,891	330,891
	<u>\$ 4,900,000</u>	<u>\$ 1,744,043</u>	<u>\$ 6,644,043</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2018 Park--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 115,000	\$ 138,681	\$ 253,681
2026	120,000	133,981	253,981
2027	125,000	129,081	254,081
2028	130,000	123,981	253,981
2029	135,000	118,681	253,681
2030	140,000	113,181	253,181
2031	145,000	107,481	252,481
2032	155,000	101,481	256,481
2033	160,000	95,181	255,181
2034	165,000	88,681	253,681
2035	175,000	81,881	256,881
2036	180,000	74,781	254,781
2037	190,000	67,381	257,381
2038	195,000	59,681	254,681
2039	205,000	51,681	256,681
2040	215,000	43,281	258,281
2041	225,000	34,341	259,341
2042	230,000	24,956	254,956
2043	240,000	15,263	255,263
2044	250,000	5,156	255,156
	<u>\$ 3,495,000</u>	<u>\$ 1,608,812</u>	<u>\$ 5,103,812</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 180,000	\$ 163,187	\$ 343,187
2026	180,000	157,787	337,787
2027	180,000	152,387	332,387
2028	190,000	146,837	336,837
2029	200,000	140,987	340,987
2030	200,000	134,988	334,988
2031	210,000	128,838	338,838
2032	220,000	122,250	342,250
2033	230,000	115,219	345,219
2034	240,000	107,725	347,725
2035	250,000	99,763	349,763
2036	260,000	91,150	351,150
2037	275,000	81,788	356,788
2038	275,000	72,163	347,163
2039	285,000	62,363	347,363
2040	300,000	51,938	351,938
2041	300,000	41,063	341,063
2042	300,000	30,000	330,000
2043	300,000	18,750	318,750
2044	350,000	6,563	356,563
	<u>\$ 4,925,000</u>	<u>\$ 1,925,746</u>	<u>\$ 6,850,746</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
November 30, 2024

Due During Fiscal Years Ending	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ 125,000	\$ 93,519	\$ 218,519
2026	130,000	89,406	219,406
2027	140,000	86,706	226,706
2028	150,000	83,806	233,806
2029	160,000	80,706	240,706
2030	170,000	77,406	247,406
2031	180,000	73,906	253,906
2032	190,000	70,206	260,206
2033	200,000	66,306	266,306
2034	210,000	62,075	272,075
2035	210,000	57,613	267,613
2036	215,000	53,097	268,097
2037	220,000	48,338	268,338
2038	225,000	43,331	268,331
2039	230,000	38,069	268,069
2040	230,000	32,606	262,606
2041	230,000	27,000	257,000
2042	230,000	21,250	251,250
2043	240,000	15,375	255,375
2044	245,000	9,314	254,314
2045	250,000	3,125	253,125
	<u>\$ 4,180,000</u>	<u>\$ 1,133,160</u>	<u>\$ 5,313,160</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2020A--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 425,000	\$ 192,513	\$ 617,513
2026	425,000	178,700	603,700
2027	425,000	170,200	595,200
2028	425,000	161,700	586,700
2029	425,000	153,200	578,200
2030	425,000	144,700	569,700
2031	425,000	136,200	561,200
2032	425,000	127,700	552,700
2033	425,000	119,200	544,200
2034	425,000	110,700	535,700
2035	425,000	102,200	527,200
2036	425,000	93,700	518,700
2037	425,000	85,200	510,200
2038	425,000	76,434	501,434
2039	425,000	67,403	492,403
2040	425,000	58,372	483,372
2041	425,000	49,075	474,075
2042	440,000	39,069	479,069
2043	475,000	28,203	503,203
2044	475,000	16,922	491,922
2045	475,000	5,641	480,641
	<u>\$ 9,090,000</u>	<u>\$ 2,117,032</u>	<u>\$ 11,207,032</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2022 Park--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 225,000	\$ 121,781	\$ 346,781
2026	225,000	111,656	336,656
2027	225,000	101,531	326,531
2028	225,000	94,219	319,219
2029	225,000	89,719	314,719
2030	225,000	85,219	310,219
2031	225,000	80,719	305,719
2032	225,000	76,219	301,219
2033	225,000	71,719	296,719
2034	225,000	67,078	292,078
2035	225,000	62,297	287,297
2036	225,000	57,375	282,375
2037	225,000	52,313	277,313
2038	225,000	47,109	272,109
2039	225,000	41,765	266,765
2040	225,000	36,422	261,422
2041	225,000	30,938	255,938
2042	225,000	25,313	250,313
2043	225,000	19,688	244,688
2044	225,000	14,063	239,063
2045	225,000	8,436	233,436
2046	225,000	2,812	227,812
	<u>\$ 4,950,000</u>	<u>\$ 1,298,391</u>	<u>\$ 6,248,391</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2022A Park--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 255,000	\$ 227,375	\$ 482,375
2026	260,000	215,800	475,800
2027	260,000	205,400	465,400
2028	260,000	196,300	456,300
2029	260,000	188,500	448,500
2030	260,000	180,700	440,700
2031	260,000	172,575	432,575
2032	260,000	163,150	423,150
2033	260,000	152,750	412,750
2034	260,000	142,350	402,350
2035	260,000	131,950	391,950
2036	260,000	121,550	381,550
2037	260,000	111,150	371,150
2038	260,000	100,750	360,750
2039	260,000	90,350	350,350
2040	260,000	79,950	339,950
2041	260,000	69,550	329,550
2042	260,000	58,988	318,988
2043	260,000	48,262	308,262
2044	260,000	37,538	297,538
2045	260,000	26,813	286,813
2046	260,000	16,087	276,087
2047	260,000	5,362	265,362
	<u>\$ 5,975,000</u>	<u>\$ 2,743,200</u>	<u>\$ 8,718,200</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2022 Tax Increment Contract--by Years
November 30, 2024

Due During Fiscal Years Ending	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ 270,000	\$ 328,138	\$ 598,138
2026	285,000	314,262	599,262
2027	295,000	299,762	594,762
2028	310,000	284,638	594,638
2029	325,000	270,387	595,387
2030	340,000	257,087	597,087
2031	355,000	243,188	598,188
2032	370,000	228,456	598,456
2033	390,000	212,537	602,537
2034	405,000	195,391	600,391
2035	425,000	176,969	601,969
2036	445,000	157,394	602,394
2037	465,000	136,919	601,919
2038	485,000	115,241	600,241
2039	510,000	91,913	601,913
2040	535,000	67,094	602,094
2041	560,000	41,087	601,087
2042	585,000	13,894	598,894
	<u>\$ 7,355,000</u>	<u>\$ 3,434,357</u>	<u>\$ 10,789,357</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2022A Tax Increment Contract--by Years
November 30, 2024

Due During Fiscal Years Ending	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ 90,000	\$ 151,375	\$ 241,375
2026	95,000	144,900	239,900
2027	105,000	137,900	242,900
2028	110,000	130,375	240,375
2029	115,000	123,823	238,823
2030	120,000	118,240	238,240
2031	130,000	112,175	242,175
2032	135,000	105,615	240,615
2033	145,000	98,470	243,470
2034	150,000	90,800	240,800
2035	160,000	82,620	242,620
2036	170,000	73,793	243,793
2037	180,000	64,295	244,295
2038	190,000	54,120	244,120
2039	200,000	43,295	243,295
2040	210,000	31,815	241,815
2041	220,000	19,665	239,665
2042	235,000	6,697	241,697
	<u>\$ 2,760,000</u>	<u>\$ 1,589,973</u>	<u>\$ 4,349,973</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
Series 2024 --by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 325,000	\$ 330,173	\$ 655,173
2026	325,000	282,750	607,750
2027	325,000	269,750	594,750
2028	325,000	256,750	581,750
2029	325,000	243,750	568,750
2030	325,000	230,750	555,750
2031	325,000	217,750	542,750
2032	325,000	204,750	529,750
2033	325,000	191,750	516,750
2034	325,000	178,750	503,750
2035	325,000	165,750	490,750
2036	325,000	152,750	477,750
2037	300,000	140,250	440,250
2038	300,000	128,250	428,250
2039	300,000	116,250	416,250
2040	300,000	104,250	404,250
2041	300,000	92,250	392,250
2042	300,000	80,250	380,250
2043	300,000	68,250	368,250
2044	300,000	56,250	356,250
2045	300,000	44,062	344,062
2046	300,000	31,688	331,688
2047	300,000	19,125	319,125
2048	300,000	6,375	306,375
	<u>\$ 7,500,000</u>	<u>\$ 3,612,673</u>	<u>\$ 11,112,673</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
November 30, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due May 1</u>	<u>Interest Due May 1, November 1</u>	<u>Total</u>
2025	\$ 2,875,000	\$ 2,437,756	\$ 5,312,756
2026	2,940,000	2,293,956	5,233,956
2027	3,005,000	2,190,131	5,195,131
2028	3,075,000	2,087,845	5,162,845
2029	3,155,000	1,989,432	5,144,432
2030	3,225,000	1,890,409	5,115,409
2031	3,305,000	1,786,971	5,091,971
2032	3,395,000	1,677,324	5,072,324
2033	3,485,000	1,562,175	5,047,175
2034	3,570,000	1,442,612	5,012,612
2035	3,655,000	1,318,067	4,973,067
2036	3,750,000	1,188,565	4,938,565
2037	3,825,000	1,054,963	4,879,963
2038	3,910,000	916,942	4,826,942
2039	4,020,000	773,480	4,793,480
2040	4,125,000	624,741	4,749,741
2041	4,220,000	470,694	4,690,694
2042	3,525,000	325,620	3,850,620
2043	2,365,000	219,682	2,584,682
2044	2,105,000	145,806	2,250,806
2045	1,510,000	88,077	1,598,077
2046	785,000	50,587	835,587
2047	560,000	24,487	584,487
2048	300,000	6,375	306,375
	<u>\$ 70,685,000</u>	<u>\$ 26,566,697</u>	<u>\$ 97,251,697</u>

See accompanying auditor's report.

Imperial Redevelopment District
TSI-6. Change in Long-Term Bonded Debt
November 30, 2024

	Bond Issue			
	Series 2016 Road	Series 2016 Contract	Series 2017	Series 2018
Interest rate	2.0% - 3.625%	2.0% - 3.75%	1.75% - 4.0%	3.0% - 5.0%
Dates interest payable	5/1; 11/1	5/1; 11/1	5/1; 11/1	5/1; 11/1
Maturity dates	5/1/18 to 5/1/41	5/1/18 to 5/1/42	5/1/19 to 5/1/42	5/1/19 to 5/1/43
Beginning bonds outstanding	\$ 10,180,000	\$ 4,110,000	\$ 1,900,000	\$ 5,105,000
Bonds issued				
Bonds retired	(380,000)	(155,000)	(100,000)	(205,000)
Ending bonds outstanding	\$ 9,800,000	\$ 3,955,000	\$ 1,800,000	\$ 4,900,000
Interest paid during fiscal year	\$ 342,744	\$ 140,307	\$ 64,725	\$ 168,513
Paying agent's name and city	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
All other series	Bank of New York Mellon Trust Company, N.A., Houston, Texas			
Series 2024	Bank of New York Mellon Trust Company, N.A., Houston, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Facilities	
Amount Authorized by Voters	\$ 185,600,000	\$ 83,167,000	\$ 211,900,000	
Amount Issued	(32,065,000)	(15,625,000)	(16,770,000)	
Remaining To Be Issued	\$ 153,535,000	\$ 67,542,000	\$ 195,130,000 *	
Bond Authority:	Parking Facilities	Economic Development		
Amount Authorized by Voters	\$ 138,600,000	\$ 51,200,000		
Amount Issued				
Remaining To Be Issued	\$ 138,600,000	\$ 51,200,000		

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

Debt Service Fund cash and investment balances as of November 30, 2024:	\$ 3,375,631
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 4,052,154

*The Attorney General's office has taken the position that Texas law does not permit the District to issue road bonds for parking facilities payable from taxes and therefore has decreased the District's road bond authorization by \$40,000,000.

See accompanying auditors' report.

	Bond Issue			
	Series 2018 Park	Series 2019	Series 2020 Road	Series 2020A
Interest rate	4.0% - 6.0%	3.0% - 5.5%	2.0% - 4.5%	2.0% - 4.5%
Dates interest payable	5/1; 11/1	5/1; 11/1	5/1; 11/1	5/1; 11/1
Maturity dates	5/1/20 to 5/1/44	5/1/20 to 5/1/44	5/1/21 to 5/1/45	5/1/22 to 5/1/45
Beginning bonds outstanding	\$ 3,605,000	\$ 5,095,000	\$ 4,305,000	\$ 9,515,000
Bonds issued				
Bonds retired	(110,000)	(170,000)	(125,000)	(425,000)
Ending bonds outstanding	<u>\$ 3,495,000</u>	<u>\$ 4,925,000</u>	<u>\$ 4,180,000</u>	<u>\$ 9,090,000</u>
Interest paid during fiscal year	<u>\$ 144,281</u>	<u>\$ 168,437</u>	<u>\$ 99,144</u>	<u>\$ 211,638</u>

See accompanying auditors' report.

Bond Issue					
Series 2022 Park	Series 2022A Park	Series 2022 Contract	Series 2022A Contract	Series 2024	Totals
2.0% - 4.5%	3.0% - 5.0%	4.0% - 5.0%	4.7% - 7.0%	4.0% - 4.25%	
5/1; 11/1	5/1; 11/1	5/1; 11/1	5/1; 11/1	5/1; 11/1	
5/1/23 to 5/1/46	5/1/24 to 5/1/47	5/1/24 to 5/1/42	5/1/24 to 5/1/42	5/1/25 to 5/1/48	
\$ 5,175,000	\$ 6,225,000	\$ 7,615,000	\$ 2,845,000	\$ -	\$ 65,675,000
				7,500,000	7,500,000
(225,000)	(250,000)	(260,000)	(85,000)		(2,490,000)
<u>\$ 4,950,000</u>	<u>\$ 5,975,000</u>	<u>\$ 7,355,000</u>	<u>\$ 2,760,000</u>	<u>\$ 7,500,000</u>	<u>\$ 70,685,000</u>
<u>\$ 131,906</u>	<u>\$ 238,750</u>	<u>\$ 341,387</u>	<u>\$ 157,500</u>	<u>\$ -</u>	<u>\$ 2,209,332</u>

***Imperial Redevelopment District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years***

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 982,830	\$ 1,089,741	\$ 935,658	\$ 658,185	\$ 541,515
Investment earnings	146,266	97,585	12,590	234	6,812
Total Revenues	<u>1,129,096</u>	<u>1,187,326</u>	<u>948,248</u>	<u>658,419</u>	<u>548,327</u>
Expenditures					
Operating and administrative					
Professional fees	138,271	183,402	135,951	140,260	153,262
Contracted services	22,040	18,483	20,535	21,301	17,625
Repairs and maintenance	204,585	206,520	245,961	229,396	204,585
Utilities	16,621	17,558	27,378	43,197	56,730
Administrative	24,495	25,658	22,048	19,932	30,143
Other	980	4,620	1,558	4,130	13,235
Capital outlay			61,407		691,382
Developer interest					103,884
Total Expenditures	<u>406,992</u>	<u>456,241</u>	<u>514,838</u>	<u>458,216</u>	<u>1,270,846</u>
Revenues Over (Under) Expenditures	<u>\$ 722,104</u>	<u>\$ 731,085</u>	<u>\$ 433,410</u>	<u>\$ 200,203</u>	<u>\$ (722,519)</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
87%	92%	99%	100%	99%
13%	8%	1%	*	1%
100%	100%	100%	100%	100%
12%	15%	14%	21%	28%
2%	2%	2%	3%	3%
18%	17%	26%	35%	37%
1%	1%	3%	7%	10%
2%	2%	2%	3%	5%
*	*	*	1%	2%
		6%		126%
				19%
35%	37%	53%	70%	230%
65%	63%	47%	30%	(130%)

Imperial Redevelopment District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 4,031,334	\$ 3,521,132	\$ 3,017,219	\$ 2,964,972	\$ 2,436,769
Penalties and interest	48,941	37,353	32,001	21,975	11,127
Investment earnings	201,072	161,689	32,459	1,378	5,127
Total Revenues	<u>4,281,347</u>	<u>3,720,174</u>	<u>3,081,679</u>	<u>2,988,325</u>	<u>2,453,023</u>
Expenditures					
Tax collection services	69,196	64,458	58,929	41,829	38,914
Other	10,000	7,480	80	148	433
Debt service					
Principal	2,490,000	1,855,000	1,590,000	1,115,000	990,000
Interest and fees	2,214,881	2,346,721	1,589,994	1,483,884	1,212,066
Total Expenditures	<u>4,784,077</u>	<u>4,273,659</u>	<u>3,239,003</u>	<u>2,640,861</u>	<u>2,241,413</u>
Revenues Over (Under) Expenditures	<u>\$ (502,730)</u>	<u>\$ (553,485)</u>	<u>\$ (157,324)</u>	<u>\$ 347,464</u>	<u>\$ 211,610</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
94%	95%	98%	99%	100%
1%	1%	1%	1%	*
5%	4%	1%	*	*
100%	100%	100%	100%	100%
2%	2%	2%	1%	2%
*	*	*	*	*
58%	50%	52%	37%	40%
52%	63%	52%	50%	49%
112%	115%	106%	88%	91%
(12%)	(15%)	(6%)	12%	9%

Imperial Redevelopment District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended November 30, 2024

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): November 11, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Tim Stubenrouch	9/22 - 9/26	\$ 2,873	\$ 59	President
James Thompson	11/24 - 9/28	2,873		Vice President
Chuck Laughter	11/24 - 9/28			Assistant Vice President
Doug Turner	9/22 - 9/26	2,652		Secretary
Frank Yonish	11/23 - 9/26	2,873		Assistant Secretary
Paula Noble	11/20 - 11/24	2,210		Former Director
Consultants				
		<u>Amounts Paid</u>		
Allen Boone Humphries Robinson LLP	2007			Attorney
<i>General legal fees</i>		\$ 94,979		
<i>Bond counsel</i>		197,527		
Myrtle Cruz, Inc.	2007	22,037		Bookkeeper
Tax Tech, Inc.	2007	17,181		Tax Collector
Fort Bend Central Appraisal District	Legislation	43,379		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2008	4,632		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	2008	89,888		Engineer
McGrath & Co., PLLC	2014	25,500		Auditor
Masterson Advisors, LLC	2018	78,782		Co-Financial Advisor
Post Oak Municipal Advisors	2018	71,875		Co-Financial Advisor

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

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)