

**OFFICIAL STATEMENT DATED JUNE 1, 2026**

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

**NEW ISSUE - Book-Entry-Only**

Insured Rating (BAM): S&P "AA" (stable outlook)  
 Underlying Rating: Moody's "A1"  
 See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

**\$7,035,000**  
**BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT**  
*(A political subdivision of the State of Texas located within Fort Bend County)*  
**UNLIMITED TAX BONDS, SERIES 2026**

**Dated Date: July 1, 2026**

**Due: September 1, as shown below**

**Interest Accrual Date: Date of Delivery**

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, 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 will accrue from the initial date of delivery (expected on or about July 7, 2026) (the "Date of Delivery") and will be payable on March 1, 2027 and on each September 1 and March 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 Build America Mutual Assurance Company ("BAM" or the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

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

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2027	\$ 80,000	6.000 %	3.000 %	096028 PD1	2033	100,000 (c)	6.000 %	3.300 %	096028 PK5
2028	85,000	6.000	3.000	096028 PE9	***	***	***	***	***
2029	90,000	6.000	3.000	096028 PF6	2052	1,175,000 (c)	4.250	4.450	096028 QE8
2030	90,000	6.000	3.050	096028 PG4	2053	1,225,000 (c)	4.250	4.500	096028 QF5
2031	95,000	6.000	3.100	096028 PH2	2054	1,275,000 (c)	4.375	4.550	096028 QG3
2032	100,000	6.000	3.200	096028 PJ8					

- \$215,000 Term Bonds due September 1, 2035 (c), 096028 PM1 (b), 5.250% Interest Rate, 3.400% Yield (a)
- \$235,000 Term Bonds due September 1, 2037 (c), 096028 PP4 (b), 4.000% Interest Rate, 3.700% Yield (a)
- \$255,000 Term Bonds due September 1, 2039 (c), 096028 PR0 (b), 4.000% Interest Rate, 3.800% Yield (a)
- \$275,000 Term Bonds due September 1, 2041 (c), 096028 PT6 (b), 4.000% Interest Rate, 3.900% Yield (a)
- \$295,000 Term Bonds due September 1, 2043 (c), 096028 PV1 (b), 4.000% Interest Rate, 4.000% Yield (a)
- \$320,000 Term Bonds due September 1, 2045 (c), 096028 PX7 (b), 4.125% Interest Rate, 4.125% Yield (a)
- \$345,000 Term Bonds due September 1, 2047 (c), 096028 PZ2 (b), 4.125% Interest Rate, 4.300% Yield (a)
- \$375,000 Term Bonds due September 1, 2049 (c), 096028 QB4 (b), 4.250% Interest Rate, 4.350% Yield (a)
- \$405,000 Term Bonds due September 1, 2051 (c), 096028 QD0 (b), 4.250% Interest Rate, 4.400% 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. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (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 September 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 September 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 Blue Ridge West Municipal Utility 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 Missouri City or any entity other than the District. The Bonds are subject to certain investment considerations 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about July 7, 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas, 77056, 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, Rule 15c2-12 of the United States Securities and Exchange Commission.

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."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM 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*..... Blue Ridge West Municipal Utility District (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
- The Issue* ..... \$7,035,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”) are issued pursuant to an order (the “Bond Order”) 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 serially on September 1 in the years 2027 through 2033, both inclusive, and in the years 2052 through 2054, both inclusive, and as term bonds on September 1 in each of the years 2035, 2037, 2039, 2041, 2043, 2045, 2047, 2049 and 2051 (the “Term Bonds”) in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”
- The Bonds maturing on and after September 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 September 1, 2032, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as described herein. See “THE BONDS—Redemption Provisions.”
- Book-Entry Only System* ..... The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “THE BONDS—Book-Entry-Only System.”
- Source of Payment* ..... The Bonds are payable from an annual ad valorem tax upon all taxable property within the District, which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Missouri City or any other political subdivision or agency. See “THE BONDS—Source of and Security for Payment” and “TAX PROCEDURES.”
- Use of Proceeds* ..... Proceeds of 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 capitalize twelve (12) months of interest on the Bonds, 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.”
- Authority for Issuance*..... The Bonds are the first series of bonds issued out of \$30,000,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities at an election held on May 4, 2024. The Bonds are the District’s fifteenth issue of bonds overall, including refunding bonds. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order, an order of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”), Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including but not by way of limitation, Chapters 49 and 54 of the Texas Water Code, as amended. See “THE BONDS—Authority for Issuance.”
- Payment Record*..... The District has previously issued three series of unlimited tax bonds, eight series of combination unlimited tax and revenue bonds and three series of combination unlimited tax and revenue refunding bonds (the “Previously Issued Bonds”), of which \$17,530,000 principal amount is currently outstanding as of the date hereof (the “Outstanding Bonds”). The District has never defaulted on the payment of principal and interest on the Previously Issued Bonds.

<i>Qualified Tax-Exempt Obligations</i> .....	The Bonds have been designated as “qualified tax-exempt obligations” for financial institutions. See “LEGAL MATTERS—Qualified Tax-Exempt Obligations.”
<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”) has assigned a municipal bond rating of “AA” (stable outlook) to the Bonds with the understanding that, upon 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 Build America Mutual Assurance Company (“BAM”). Moody’s Investors Service, Inc. (“Moody’s”) has assigned an underlying rating of “A1” 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” and “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE.”
<i>Bond Counsel</i> .....	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT” and “LEGAL MATTERS.”
<i>Disclosure Counsel</i> .....	McCall, Parkhurst & Horton, L.L.P., Houston, Texas.
<i>Financial Advisor</i> .....	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT.”
<i>Paying Agent/Registrar</i> .....	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.
<i>Investment Considerations</i> .....	The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned “INVESTMENT CONSIDERATIONS.”

**THE DISTRICT**

<i>Description</i> .....	The District was created pursuant to Section 2, Chapter 633, Acts of the 60th Legislature of the State of Texas, Regular Session, 1967 (now codified under Chapter 8154, Texas Special District Local Laws Code). The District contains approximately 862 acres of land located approximately 15 miles southwest of downtown Houston, Texas. The District is located southwest of South Sam Houston Tollway East, west of Fort Bend Toll Road and east of Scanlin Road. The District lies entirely within the City of Missouri City and Fort Bend County, Texas, and within the Fort Bend Independent School District. See “THE DISTRICT—General” and “AERIAL PHOTOGRAPH.”
<i>Status of Development</i> .....	Land within the District has been developed for single-family residential purposes and commercial development. All developable acreage within the District is served with water, wastewater and storm drainage facilities, as well as street paving. Residential development includes Hunter’s Glen, Sections One through Five, Hunters Point Estates, and Hunters Park, Section One and Two, which collectively encompass 2,475 lots on approximately 603 acres. As of March 18, 2026, the District contained 2,462 completed single-family homes, of which 2,409 were occupied. For the 2025 tax year, the average home value was approximately \$230,500.  Commercial development in the District has been completed on approximately 207 acres of land. Such development includes various retail shopping centers, a mini-storage facility, a Discount Tire, a Walgreens, a Family Dollar, multiple day care centers, a Fiesta grocery store, a gas station and convenience store, several banks, an office building and various fast-food and other restaurant establishments. Approximately 9 acres of land are undevelopable and used for District facilities and plants, approximately 34 acres are comprised of parks, recreational and open spaces, and an elementary school, which is exempt from ad valorem taxation, is located on approximately 9 acres. See “THE DISTRICT—Status of Development.”

## SELECTED FINANCIAL INFORMATION

2025 Certified Taxable Assessed Valuation .....	\$544,566,089 (a)
2026 Preliminary Taxable Assessed Valuation.....	\$560,286,366 (b)
Gross Direct Debt Outstanding (after the issuance of the Bonds).....	\$24,565,000 (c)
Ratios of Gross Debt to:	
2025 Certified Taxable Assessed Valuation .....	4.51%
2026 Preliminary Taxable Assessed Valuation.....	4.38%
2025 Tax Rate:	
Debt Service.....	\$0.2525
Maintenance and Operations.....	<u>0.1500</u>
Total .....	\$0.4025/\$100A.V.
Average Percentage of Total Tax Collections (2021-2025).....	97.50%
Average Annual Debt Service Requirement (2027-2054) (“Average Annual Requirement”).....	\$1,364,498 (d)
Tax Rates Required to Pay Average Annual Requirement (2027-2054) Based Upon:	
2025 Certified Taxable Assessed Valuation at a 95% Collection Rate.....	\$0.27/\$100 A.V. (e)
2026 Preliminary Taxable Assessed Valuation at a 95% Collection Rate.....	\$0.26/\$100 A.V. (e)
Maximum Annual Debt Service Requirement (2027) (“Maximum Annual Requirement”).....	\$1,430,380 (d)
Tax Rates Required to Pay Maximum Annual Requirement (2027) Based Upon:	
2025 Certified Taxable Assessed Valuation at a 95% Collection Rate.....	\$0.28/\$100 A.V. (e)
2026 Preliminary Taxable Assessed Valuation at a 95% Collection Rate.....	\$0.27/\$100 A.V. (e)
Status of Water and Sewer Connections as of March 18, 2026 (f):	
Single-Family Residential – Completed and Occupied.....	2,409
Single-Family Residential – Completed and Unoccupied.....	53
Commercial Connections.....	54
Other Connections .....	<u>31</u>
Total .....	2,547

Estimated 2026 Population — 8,432 (g)

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- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
  - (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See “TAX PROCEDURES.”
  - (c) See “FINANCIAL INFORMATION—Outstanding Bonds.”
  - (d) See “DEBT SERVICE REQUIREMENTS.”
  - (e) See “TAX DATA—Tax Adequacy for Debt Service.”
  - (f) See “THE DISTRICT—Status of Development.”
  - (g) Estimate based on 3.5 persons per occupied single-family residence.

## OFFICIAL STATEMENT

**\$7,035,000**

**BLUE RIDGE WEST MUNICIPAL UTILITY 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 Blue Ridge West Municipal Utility District (the “District”) of its \$7,035,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to an election held within the District on May 4, 2024, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), and an order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District. 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 therefor.

### THE BONDS

#### General

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

The Bonds will be dated July 1, 2026 and accrue interest from the Date of Delivery, and are payable on each March 1 and September 1 commencing March 1, 2027, until the earlier of stated maturity or prior redemption. The Bonds mature on September 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.

In the event the Book-Entry-Only System (defined below) is discontinued and physical bond certificates issued, interest on the Bonds will be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners (“Registered Owners”) as shown on the bond register (the “Register”) kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

#### Book-Entry-Only System

The information in this section concerning DTC (defined below) and DTC’s book-entry system (the “Book-Entry-Only System”) has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants (both defined herein) will distribute to the Beneficial Owners (defined herein) (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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 so do on a timely basis or that DTC, Direct Participants or 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 Direct Participants is on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," together with a Direct Participant, the "Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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 thereof.

### **Authority for Issuance**

At a bond election held on May 4, 2024, (the "2024 Election") the voters of the District authorized the issuance of a total of \$30,000,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities. See "—Issuance of Additional Debt" herein.

The Commission has approved the issuance of Bonds for the purposes described in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to the 2024 Election held in the District, the terms and provisions of the Bond Order, an order of the Commission, Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including but not by way of limitation, Chapters 49 and 54 of the Texas Water Code, as amended.

Before the District may issue Bonds, the Attorney General of Texas must pass upon 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**

The Bonds (together with the Outstanding Bonds and any additional unlimited tax or combination unlimited tax and revenue bonds as may hereafter be issued) are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy annually a tax sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used solely to pay principal and interest on the Bonds and on any additional bonds payable from taxes which may be issued. See "—Issuance of Additional Debt" herein.

### **Funds**

In the Bond Order, the 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 Order shall be deposited, as collected, in such fund.

Twelve (12) months of capitalized interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing District facilities and for paying 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 Order 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**

Optional Redemption: The Bonds maturing on and after September 1, 2033 are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 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.

Mandatory Redemption: The Bonds due on September 1 in each of the years 2035, 2037, 2039, 2041, 2043, 2045, 2047, 2049 and 2051 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below, subject to proportionate reduction at a redemption price of par plus accrued interest to the date of redemption:

<b>\$215,000 Term Bonds Due September 1, 2035</b>		<b>\$235,000 Term Bonds Due September 1, 2037</b>		<b>\$255,000 Term Bonds Due September 1, 2039</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2034	\$ 105,000	2036	\$ 115,000	2038	\$ 125,000
2035 (maturity)	110,000	2037 (maturity)	120,000	2039 (maturity)	130,000

<b>\$275,000 Term Bonds Due September 1, 2041</b>		<b>\$295,000 Term Bonds Due September 1, 2043</b>		<b>\$320,000 Term Bonds Due September 1, 2045</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2040	\$ 135,000	2042	\$ 145,000	2044	\$ 155,000
2041 (maturity)	140,000	2043 (maturity)	150,000	2045 (maturity)	165,000

<b>\$345,000 Term Bonds Due September 1, 2047</b>		<b>\$375,000 Term Bonds Due September 1, 2049</b>		<b>\$405,000 Term Bonds Due September 1, 2051</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2046	\$ 170,000	2048	\$ 185,000	2050	\$ 200,000
2047 (maturity)	175,000	2049 (maturity)	190,000	2051 (maturity)	205,000

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

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.

### **Method of Payment of Principal and Interest**

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See “THE BONDS—Book-Entry-Only System.”

### **Registration and Transfer**

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office in Houston, Texas 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 Order. 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 “THE BONDS—Book-Entry-Only System.”

### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall 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.

### **Mutilated, Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

### **Issuance of Additional Debt**

The District may issue additional bonds, with the approval of the Commission, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. The District’s voters have authorized the issuance of \$30,000,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities. After issuance of the Bonds, the District will have \$22,965,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities authorized but unissued. The District’s voters have also authorized a total of \$55,000,000 principal amount of unlimited tax bonds for refunding outstanding bonds for water, wastewater and/or storm drainage facilities, all of which remains authorized but unissued. The TCEQ authorized the District to sell bonds in the amount of \$12,000,000 principal amount for purposes described in the TCEQ Order authorizing issuance of the Bonds. The District is selling \$7,035,000 principal amount of such approval and reserves the right to issue the remaining \$4,965,000 principal amount. Timing of the sale of the remaining authorized \$4,965,000 principal amount is unknown at this time.

The District is authorized by statute to develop parks and recreational facilities, including issuing bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park projects and bonds by the Commission; and (e) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. The District has no current plans to hold an election to authorize the issuance of or sell park bonds.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue such bonds, the District would be required to obtain authorization from the District’s voters to issue such bonds and approval of the bonds by the Attorney General of Texas. The District has not considered calling such an election at this time.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission for the power to issue bonds supported by property taxes to finance certain road improvements. Before the District could issue such bonds, the District would be required to receive a grant of such power from the Commission, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the Commission for "road powers" nor calling such an election at this time.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount that may ultimately be issued by the District. The issuance of additional bonds and levy of taxes in connection therewith may dilute the security for the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

### **Consolidation**

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

### **Remedies in Event of Default**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the 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 Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages. In the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the

District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. 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 Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) 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.

## **THE DISTRICT**

### **General**

The District was organized, created and established pursuant to Section 2, Chapter 633, Act of the 60th Legislature of the State of Texas, Regular Session, 1967 (now codified under Chapter 8154, Texas Special District Local Laws Code). By order adopted on April 18, 1978 by the Texas Water Commission (predecessor to the Commission), the District was converted to a municipal utility district and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, 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 may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission and the voters of the District to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. Also, the District may, subject to certain limitations, develop and finance roads.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City, which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, roads, park and recreational facilities, for fire-fighting activities and for the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to platted lots and reserves which have been approved by the City. See "THE SYSTEM."

The District contains approximately 862 acres of land and is located approximately 15 miles southwest of downtown Houston, Texas. The District is located southwest of South Sam Houston Tollway East, west of Fort Bend Toll Road and east of Scanlin Road. The District lies entirely within the City of Missouri City (the "City") and Fort Bend County, Texas and within the Fort Bend Independent School District. See "AERIAL PHOTOGRAPH."

**Status of Development**

Land within the District has been developed for single-family residential purposes and commercial development. All developable acreage within the District is served with water, wastewater and storm drainage facilities, as well as street paving. Residential development includes Hunter’s Glen, Sections One through Five, Hunters Point Estates, and Hunters Park, Section One and Two, which encompasses 2,475 lots on approximately 603 acres. As of March 18, 2026, the District contained 2,462 completed single-family homes, of which 2,409 were occupied. For the 2025 tax year, the average home value is approximately \$230,500.

Commercial development in the District has been completed on approximately 207 acres of land. Such development includes various retail shopping centers, a mini-storage facility, a Discount Tire, a Walgreens, a Family Dollar, multiple day care centers, a Fiesta grocery store, a gas station and convenience store, several banks, an office building and various fast-food and other restaurant establishments. Approximately 9 acres of land are undevelopable and used for District facilities and plants, approximately 34 acres are comprised of parks, recreational and open spaces, and an elementary school, which is exempt from ad valorem taxation, is located on approximately 9 acres.

**MANAGEMENT**

**Board of Directors**

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. All of the Directors listed below reside within the District. Directors are elected by the voters within the District for four-year staggered terms. Directors’ elections are held only in May of even numbered years. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Monica L. Rasmus	President	May 2028
Terah T. Bias	Vice President	May 2030
Perry R. Evans	Secretary	May 2028
Llarance Turner	Asst. Secretary	May 2028
Daryl L. Smith, Jr.	Director	May 2030

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 were appraised for ad valorem taxation purposes by the Fort Bend Central Appraisal District (the “Appraisal District”). The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Bob Leared Interests is currently serving in this capacity for the District.

**Bookkeeper**

The District has engaged Municipal Accounts & Consulting LP to serve as the District's bookkeeper.

**Engineer**

The consulting engineer for the District in connection with the design and construction of the District's facilities is Quiddity Engineering LLC (the “Engineer”).

**Attorney**

The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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.

### **Financial Advisor**

Masterson Advisors LLC (the “Financial Advisor”) serves as financial advisor to the District. The fees to be paid the Financial Advisor 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 Commission. The District’s financial statements for the fiscal year ending September 30, 2025, have been audited by the independent accounting firm of Mark Eyring, CPA, PLLC. See “APPENDIX A” for a copy of the District’s audited financial statements.

## **THE SYSTEM**

### **Regulation**

According to the Engineer, the District's water distribution system, wastewater collection system, and storm drainage facilities (collectively, the “System”) have been designed in accordance with accepted engineering practices and the then current requirements of various agencies 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 Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Fort Bend County and, in some instances, the Commission. Fort Bend County, the City of Missouri City, and the Texas Department of Health 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. The following descriptions are based upon information supplied by the District's Engineer.

### **Source of Water Supply**

The District’s water supply facilities consist of two water plants which include an 850 gallon per minute (“gpm”) well, a 1,400 gpm well, five booster pumps with a combined capacity of 5,800 gpm, three 20,000 gallon hydropneumatic tanks, a 408,000 gallon ground storage tank, and a 500,000 gallon elevated storage tank. The District obtains all of its water from groundwater. According to the Engineer, the District’s water supply system is capable of serving 2,900 equivalent single connections (“ESFCs”). The District is currently serving 2,748 ESFCs. The District has an emergency interconnect with Fort Bend County Municipal Utility District No. 26. A portion of the proceeds from the Bonds will be used to replace one of the existing water plants in the District. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

*Subsidence and Conversion to Surface Water Supply:* The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the “Plan”) to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District’s jurisdiction. Under the Plan, the District is required to have a groundwater reduction plan (“GRP”) approved by the Subsidence District by the beginning date of the District’s permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District’s total annual water demand. Additional disincentive fees would be imposed under the Plan if the District’s groundwater withdrawal exceeds 70% of the District’s total water demand beginning January 2015, and exceeds 40% of the District’s total annual water demand beginning in 2025.

The District has opted to become part of the City's GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, and is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. The City has established a fee of \$2.39 per 1,000 gallons of groundwater pumped, payable monthly. The pumpage fee is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

### **Source of Wastewater Treatment**

The District is provided with wastewater service by a 1,300,000 gallon per day ("gpd") wastewater treatment plant. According to the Engineer, the District's wastewater capacity is capable of serving 4,333 ESFCs, which is sufficient to serve the 2,748 ESFCs currently being served by the District. The District currently has an agreement in place with Fort Bend County Municipal Utility District No. 26 ("Fort Bend MUD 26") for a temporary lease of capacity, under which Fort Bend MUD 26 may discharge wastewater to the District's facilities on a temporary basis. To date, Fort Bend MUD 26 has not utilized the District's facilities. A portion of the proceeds from the Bonds will be used for wastewater treatment plant improvements. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

### **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 no 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 past several years. The District's drainage system has been designed and constructed to all current standards. According to the Engineer, none of the developed acreage within the District is located within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

### **Atlas 14**

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties 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 compiled by Quiddity Engineering LLC, the District's engineer, and were submitted to the Commission in the District's bond application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor. The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$6,021,000 is estimated for construction costs, and \$1,014,000 is estimated for non-construction costs, including \$310,450 in capitalized interest (twelve (12) months).

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

<b>CONSTRUCTION COSTS</b>	
Wastewater Treatment Plant Generator Replacement.....	\$ 956,000
Water Plant No. 2 Improvements.....	3,600,000
Contingencies.....	456,000
Engineering.....	<u>1,009,000</u>
<b>Total Construction Costs</b>	<b>\$ 6,021,000</b>
<b>NON-CONSTRUCTION COSTS</b>	
Legal Fees.....	\$ 140,700
Financial Advisory Fees.....	140,700
Capitalized Interest (Twelve (12) Months) (a).....	310,450
Bond Discount (a).....	209,814
Bond Issuance Expenses.....	49,452
Bond Application Report Costs.....	60,550
TCEQ Fee (0.25%).....	17,588
Attorney General Fee.....	7,035
Contingency (a).....	<u>77,711</u>
<b>Total Non-Construction Costs</b>	<b>\$ 1,014,000</b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$ 7,035,000</b>

(a) The Commission approved twelve (12) months of capitalized interest at an estimated interest rate of 5.50% and a maximum Bond Discount of 3.00%. Contingency represents surplus funds resulting from the sale of the Bonds at a lower interest rate and Bond Discount than estimated, and the difference in the estimated and actual amounts of capitalized interest and can be used for purposes allowed and approved by the TCEQ.

**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>
05/04/2024	Water, Wastewater and Storm Drainage	\$30,000,000	\$7,035,000*	\$22,965,000
05/06/2017 & 05/04/2024	Refunding	\$55,000,000	\$0	\$55,000,000

\* Includes the Bonds.

## FINANCIAL STATEMENT

2025 Certified Taxable Assessed Valuation .....	\$544,566,089 (a)
2026 Preliminary Taxable Assessed Valuation.....	\$560,286,366 (b)
 Gross Debt Outstanding (after the issuance of the Bonds).....	 \$24,565,000 (c)
 Ratios of Gross Debt to:	
2025 Certified Taxable Assessed Valuation .....	4.51%
2026 Preliminary Taxable Assessed Valuation.....	4.38%

Area of District — 862 acres  
Estimated 2026 Population — 8,432 (d)

- (a) As certified by the Appraisal District. See “TAX PROCEDURES.”  
 (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See “TAX PROCEDURES.”  
 (c) See “—Outstanding Bonds” below.  
 (d) Estimate based on 3.5 persons per occupied single-family residence.

**Cash and Investment Balances** (unaudited as of May 4, 2026)

General Fund	Cash and Temporary Investments	\$4,222,830
Construction Fund	Cash and Temporary Investments	\$5,275,120
Debt Service Fund	Cash and Temporary Investments	\$2,002,504 (a)

- (a) Twelve (12) months of capitalized interest will be deposited into the Debt Service Fund upon closing of the Bonds. Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

**Outstanding Bonds** (as of May 1, 2026)

Series	Original Principal Amount	Outstanding Bonds (as of May 1, 2026)
2017 (a)	\$ 2,380,000	\$ 1,795,000
2019	4,500,000	3,715,000
2022	7,000,000	6,635,000
2023	5,500,000	5,385,000
Total	\$ 19,380,000	\$ 17,530,000

- (a) Combination unlimited tax and revenue bonds.

## 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.....	\$ 1,152,335,706	4/30/2026	0.42%	\$ 4,839,810
Fort Bend County Drainage District.....	20,585,000	4/30/2026	0.42%	86,457
City of Missouri City.....	202,830,000	4/30/2026	4.15%	8,417,445
Houston City College.....	371,540,000	4/30/2026	0.19%	705,926
Fort Bend Independent School District.....	1,816,645,000	4/30/2026	1.04%	18,893,108
Total Estimated Overlapping Debt.....				\$ 32,942,746
The District.....	24,565,000 (a)	Current	100.00%	24,565,000
Total Direct and Estimated Overlapping Debt.....				\$ 57,507,746
Ratios of Total Direct and Estimated Overlapping Debt to:				
2025 Certified Taxable Assessed Valuation.....				10.56%
2026 Preliminary Taxable Assessed Valuation.....				10.26%

(a) Includes the Outstanding Bonds and the 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
City of Missouri City.....	0.570825
Fort Bend Independent School District.....	1.056900
Houston City College.....	0.098802
The District (a).....	<u>0.402500</u>
Total Overlapping Tax Rate.....	\$ 2.551027

(a) See “TAX DATA—Tax Rate Distribution.”

## 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 and statements for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of April 30, 2026 (a)	
				Amount	Percent
2021	\$ 389,737,533	\$ 0.3530	\$ 1,375,773	\$ 1,366,171	99.30%
2022	443,208,500	0.3310	1,467,020	1,454,787	99.17%
2023	493,436,738	0.3725	1,838,052	1,816,977	98.85%
2024	536,636,749	0.4025	2,159,963	2,118,643	98.09%
2025	544,566,089	0.4025	2,191,879	2,018,194	92.08%

(a) Unaudited.

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	\$ 0.2525	\$ 0.2500	\$ 0.2100	\$ 0.1580	\$ 0.1200
Maintenance and Operations	0.1500	0.1525	0.1625	0.1730	0.2330
Total	\$ 0.4025	\$ 0.4025	\$ 0.3725	\$ 0.3310	\$ 0.3530

### Tax Rate Limitations

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

Maintenance and Operations: Unlimited (no legal limit as to rate or amount).

### Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2025 tax year, the Board levied a debt service tax in the amount of \$0.2525 per \$100 of taxable assessed valuation.

### Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. At an election held within the District on November 24, 1973, the District's voters authorized a maintenance tax in an unlimited amount. For the 2025 tax year, the Board levied a maintenance tax in the amount of \$0.15 per \$100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

### 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 tax year 2026, the District has exempted 20% of the market value of any residential homesteads from taxation and has granted a \$3,000 exemption for residential homesteads of persons 65 years of age or older or disabled.

**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 based upon the 2025 Certified Taxable Assessed Valuation of \$544,566,089, which reflects ownership at January 1, 2025. An accurate principal taxpayer list related to the 2026 Preliminary Taxable Assessed Valuation of \$560,286,366 is not available as of the date hereof.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2025 Certified Taxable Assessed Valuation</u>	<u>% of 2025 Certified Taxable Assessed Valuation</u>
Quail Corner Partners LLC	Shopping Center	\$ 8,961,933	1.65%
Parkway Commercial T&Q LLC	Shopping Center	6,556,075	1.20%
Festival Properties Inc.	Shopping Center	5,055,331	0.93%
Comcast of Houston LLC	Electric Utility	4,996,219	0.92%
Missouri City Storage LLC	Storage Facility	4,500,000	0.83%
Centerpoint Energy Electric	Electric Utility	3,050,990	0.56%
Realty Income US Core Plus TX 2 LP	Shopping Center	2,721,603	0.50%
Reddy Partnership/Parkway	Shopping Center	2,420,444	0.44%
WOW PC LLC	Office Building	2,300,000	0.42%
Cash McKay Properties LLC	Residential	2,119,654	0.39%
Total		\$ 42,682,249	7.84%

**Summary of Assessed Valuation**

The following summary of the 2025, 2024 and 2023 Certified 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 certified tax rolls of the District. An accurate breakdown related to the 2026 Preliminary Taxable Assessed Valuation is not available as of the date hereof.

	<u>2025 Certified Taxable Assessed Valuation</u>	<u>2024 Certified Taxable Assessed Valuation</u>	<u>2023 Certified Taxable Assessed Valuation</u>
Land	\$ 107,357,305	\$ 101,312,666	\$ 79,911,280
Improvements	585,091,832	618,087,503	593,513,412
Personal Property	17,182,565	17,126,598	14,811,642
Exemptions	(165,065,613)	(199,890,018)	(194,799,596)
Total	<u>\$ 544,566,089</u>	<u>\$ 536,636,749</u>	<u>\$ 493,436,738</u>

**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 Certified Taxable Assessed Valuation of \$544,566,089 and the 2026 Preliminary Taxable Assessed Valuation of \$560,286,366, which is still under review and subject to adjustments and corrections, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements and maximum annual debt service requirements on the Outstanding Bonds and the Bonds. See “DEBT SERVICE REQUIREMENTS” and “INVESTMENT CONSIDERATIONS—Impact on District Tax Rates.”

Average annual debt service requirement (2027-2054) .....	\$1,364,498
\$0.27 tax rate on the 2025 Certified Taxable Assessed Valuation of \$544,566,089 at a 95% collection rate produces .....	\$1,396,812
\$0.26 tax rate on the 2026 Preliminary Taxable Assessed Valuation of \$560,286,366 at a 95% collection rate produces .....	\$1,383,907
Maximum annual debt service requirement (2027) .....	\$1,430,380
\$0.28 tax rate on the 2025 Certified Taxable Assessed Valuation of \$544,566,089 at a 95% collection rate produces .....	\$1,448,546
\$0.27 tax rate on the 2026 Preliminary Taxable Assessed Valuation of \$560,286,366 at a 95% collection rate produces .....	\$1,437,135

**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 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 Order 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 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 tax year 2026, the District has granted a \$3,000 exemption for persons age 65 or older or for disabled persons. Qualifying surviving spouses of persons 65 years of age and older would be entitled to receive an exemption equal to the exemption received by the deceased spouse. The District may be required to offer such an exemption if a majority of voters approve 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 claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence was donated by a charitable organization. The exemption will apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line or duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 by each Participant may be considered each year, but must be adopted by May 1. For tax year 2026, the District has granted a 20% homestead exemption. See "TAX DATA."

*Freeport Goods and Goods-in-Transit Exemptions:* A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption, for 2011 and prior tax years, was applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. For 2012 and subsequent tax years, the exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken no official action to allow taxation of all such goods-in-transit personal property but may choose to exempt same in the future by further official action.

### **Tax Abatement**

Fort Bend County or the City of Missouri City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, the District, and the City of Missouri City (if it were to dissolve the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

### **Agricultural, Open Space, Timberland and Inventory Deferment**

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2026, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

### **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 formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

### **District and Taxpayer Remedies**

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

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "— Rollback of Operation and Maintenance Tax Rate" herein. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

## **Levy and Collection of Taxes**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

## **Rollback of Operation and Maintenance Tax Rate**

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

*Special Taxing Units:* Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback 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 a rollback 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 are 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 a rollback 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 on an annual basis, at the time a district sets its tax rate. For 2025, the District was designated as a "Developing District." The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year 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.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections and Foreclosure Remedies."

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## GENERAL OPERATIONS

### General

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues for the operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Bonds, upon Board action. However, it is not anticipated that net revenues will be used or will be sufficient to pay debt service on the Bonds or the Outstanding Bonds.

The following statement sets forth in condensed form the General Fund operating statement as derived from the District's audited financial statements for the period ending September 30, 2022 through 2025, and an unaudited summary for the seven-month period ended April 30, 2026, provided by the District's bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and more complete information.

	10/1/2025 to 4/30/2026 (a)	Fiscal Year Ended September 30			
		2025	2024	2023	2022
<b>Revenues</b>					
Property Taxes	\$ 765,138	\$ 812,886	\$ 795,706	\$ 763,072	\$ 902,550
Water Service	355,270	722,013	600,361	557,550	408,371
Sewer Service	454,280	925,449	603,273	459,425	342,992
Surface Water Fees	289,219	382,291	369,629	382,220	358,681
Garbage Collection Fees	279,585	492,748	468,620	467,073	453,466
Penalty and Interest	52,499	87,612	66,632	55,998	49,968
Tap Connection and Inspection	15,368	-	-	14,861	12,196
Investment Revenues	83,960	176,371	195,956	177,935	24,407
Other Revenues	19,360	51,489	38,295	32,067	36,028
<b>Total Revenues</b>	<b>\$ 2,314,678</b>	<b>\$ 3,650,859</b>	<b>\$ 3,138,472</b>	<b>\$ 2,910,201</b>	<b>\$ 2,588,659</b>
<b>Expenditures</b>					
Professional Fees	\$ 126,199	\$ 221,201	\$ 266,346	\$ 197,859	\$ 185,156
Contracted Services	181,320	297,167	290,512	261,334	230,698
Utilities	82,819	158,977	181,586	161,752	180,416
Surface Water Pumpage Fees	262,169	515,643	496,579	441,321	404,433
Repairs and Maintenance	461,101	774,500	880,506	1,015,955	632,343
Other	217,041	176,827	173,995	268,395	138,524
Garbage Disposal	317,265	478,537	464,058	444,684	431,150
Administrative	185,421	249,481	269,421	220,701	206,424
Capital Outlay	70,358	133,001	64,879	111,708	106,462
<b>Total Expenditures</b>	<b>\$ 1,903,693</b>	<b>\$ 3,005,334</b>	<b>\$ 3,087,882</b>	<b>\$ 3,123,709</b>	<b>\$ 2,515,606</b>
<b>Net Revenues</b>	<b>\$ 410,985</b>	<b>\$ 645,525</b>	<b>\$ 50,590</b>	<b>\$ (213,508)</b>	<b>\$ 73,053</b>
<b>Fund Balance</b>					
<b>(Beginning of Year)</b>	<b>\$ 4,364,283</b>	<b>\$ 3,718,758</b>	<b>\$ 3,668,168</b>	<b>\$ 3,885,196</b>	<b>\$ 3,679,745</b>
<b>Other Sources of Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,520)</b>	<b>\$ 132,398</b>
<b>Fund Balance</b>					
<b>(End of Year)</b>	<b>\$ 4,775,267</b>	<b>\$ 4,364,283</b>	<b>\$ 3,718,758</b>	<b>\$ 3,668,168</b>	<b>\$ 3,885,196</b>

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

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the debt service requirements for the Bonds. This schedule does not reflect the fact that twelve (12) months of interest will be capitalized from Bond proceeds to pay debt service on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 725,481 (a)				\$ 725,481
2027	993,363	\$ 80,000	\$ 357,018	\$ 437,018	1,430,380
2028	985,188	85,000	305,650	390,650	1,375,838
2029	985,788	90,000	300,550	390,550	1,376,338
2030	985,681	90,000	295,150	385,150	1,370,831
2031	991,469	95,000	289,750	384,750	1,376,219
2032	991,531	100,000	284,050	384,050	1,375,581
2033	991,138	100,000	278,050	378,050	1,369,188
2034	990,144	105,000	272,050	377,050	1,367,194
2035	993,750	110,000	266,538	376,538	1,370,288
2036	991,331	115,000	260,763	375,763	1,367,094
2037	993,275	120,000	256,163	376,163	1,369,438
2038	993,950	125,000	251,363	376,363	1,370,313
2039	993,850	130,000	246,363	376,363	1,370,213
2040	992,725	135,000	241,163	376,163	1,368,888
2041	995,725	140,000	235,763	375,763	1,371,488
2042	997,900	145,000	230,163	375,163	1,373,063
2043	990,488	150,000	224,363	374,363	1,364,850
2044	982,338	155,000	218,363	373,363	1,355,700
2045	983,644	165,000	211,969	376,969	1,360,613
2046	979,306	170,000	205,163	375,163	1,354,469
2047	979,294	175,000	198,150	373,150	1,352,444
2048	983,481	185,000	190,931	375,931	1,359,413
2049	981,656	190,000	183,069	373,069	1,354,725
2050	978,656	200,000	174,994	374,994	1,353,650
2051	979,844	205,000	166,494	371,494	1,351,338
2052	-	1,175,000	157,781	1,332,781	1,332,781
2053	-	1,225,000	107,844	1,332,844	1,332,844
2054	-	1,275,000	55,781	1,330,781	1,330,781
<b>Total</b>	<b>\$ 25,430,994</b>	<b>\$ 7,035,000</b>	<b>\$ 6,465,443</b>	<b>\$ 13,500,443</b>	<b>\$ 38,931,436</b>

(a) Excludes the March 1, 2026 debt service payment of \$270,481.

Average Annual Debt Service Requirements (2027-2054).....	\$1,364,498
Maximum Annual Debt Service Requirements (2027).....	\$1,430,380

## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City 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.

### Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Certified Taxable Assessed Valuation of the District is \$544,566,089 (see “FINANCIAL STATEMENT”). After issuance of the Bonds, the maximum annual debt service requirement will be \$1,430,380 (2027) and the average annual debt service requirement will be \$1,364,498 (2027-2054). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.28 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$1,430,380 and a tax rate of \$0.27 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,364,498. The 2026 Preliminary Taxable Assessed Valuation is \$560,286,366, which is still under review and subject to adjustments and corrections. Assuming no increase or decrease from the 2026 Preliminary Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.27 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$1,430,380 and a tax rate of \$0.26 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,364,498. 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 Certified Taxable Assessed Valuation and the 2026 Preliminary Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District.

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is still under review and subject to adjustments and corrections, 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 its inclusion herein as assurance of its attainment. See “TAX DATA—Tax Adequacy for Debt Service” and “TAX PROCEDURES.”

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

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

## **Specific Flood Type Risks**

The District may be subject to the following flood risks:

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

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

## **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 Missouri City (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.

### **Future Debt**

After issuance of the Bonds, the District will have \$22,965,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities authorized but unissued. The District reserves in the Bond Order the right to issue the remaining \$22,965,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities and \$55,000,000 principal amount of unlimited tax bonds for refunding purposes which have been authorized at elections held within the District and such additional bonds as may be voted hereafter. The TCEQ authorized the District to sell bonds in the amount of \$12,000,000 principal amount for purposes described in the TCEQ Order authorizing issuance of the Bonds. The District is selling \$7,035,000 principal amount of such approval and reserves the right to issue the remaining \$4,965,000 principal amount. Timing of the sale of the remaining authorized \$4,965,000 principal amount is unknown at this time.

The issuance of such future obligations may adversely affect the investment 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 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 the District and any bonds issued to acquire or construct water, wastewater and drainage facilities or parks and recreational facilities must be approved by the TCEQ. See “THE BONDS—Issuance of Additional Debt.” Issuance of additional bonds and levy of taxes therewith could dilute the investment security for the Bonds.

### **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 Order, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners (defined herein) 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 Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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.

### **Continuing Compliance with Certain Covenants**

The Bond Order 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 Order 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 "LEGAL 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.

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The Initial Purchaser has entered into an agreement with Build America Mutual Assurance Company ("BAM" 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. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer (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 description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

Neither the District nor the 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.

## **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.

## **Future and Proposed Legislation**

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

# **LEGAL MATTERS**

## **Legal Opinions**

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The District will also furnish the opinion of Bond Counsel that will address the matters described herein under "—Tax Exemption." The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

## **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

## **Qualified Tax-Exempt Obligations - Purchase of the Bonds by Financial Institutions**

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

The District has designated the Bonds as “qualified tax-exempt obligations” and will represent that the aggregate amount of tax-exempt obligations (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2026.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

### **No Material Adverse Change**

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

### **Tax Exemption**

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 (the “Code”), and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

### **Proposed Tax Legislation**

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the "Discount Bonds") is less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the “Premium Bonds”) is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. Generally, no corresponding deductions are allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

## **MUNICIPAL BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) 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 Build America Mutual Assurance Company (“BAM” or the “Insurer”). Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “A1” 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.”

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, Build America Mutual Assurance Company (“BAM”) will issue its municipal bond insurance policy for the Bonds (the “Policy”). 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 APPENDIX B to this Official Statement.

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

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 28 Liberty street, 59th floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$493.3 million, \$277.6 million and \$215.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

### *Additional Information Available from BAM*

*Credit Insights Videos:* For certain BAM-insured issues, BAM produces and posts a brief credit insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Credit Profiles:* Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any presale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Disclaimers:* The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **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 The Baker Group LP (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.0176% of the principal amount thereof, which resulted in a net effective interest rate of 4.428024% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Initial Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields lower than the public offering yield stated on the inside cover page hereof. The initial offering yield may be changed at any time by the Initial Purchaser.

The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

## **Prices and Marketability**

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which the Bonds have been offered for sale to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

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 United States 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.

# **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 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 such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described under “—Certification of Official Statement.” Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

## **Financial Advisor**

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

“THE DISTRICT” –Quiddity Engineering LLC (“Engineer”), and Records of the District (“Records”); “THE SYSTEM” –Engineer; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” –Records; “FINANCIAL STATEMENT” –Fort Bend Central Appraisal District and Bob Leared Interests, Tax Assessor/Collector; “ESTIMATED OVERLAPPING DEBT STATEMENT” –Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” –Bob Leared Interests; “MANAGEMENT” –District Directors; “DEBT SERVICE REQUIREMENTS” –Financial Advisor; “THE BONDS,” “THE DISTRICT—General,” “TAX PROCEDURES,” and “LEGAL MATTERS” –Sanford Kuhl Hagan Kugle Parker Kahn LLP.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

### **Consultants**

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

*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” and “THE SYSTEM” has been provided by Quiddity Engineering LLC 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 Bob Leared Interests and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

*Auditor:* The District’s financial statements for the fiscal year ending September 30, 2025, have been audited by the independent accounting firm of Mark Eyring, CPA, PLLC. See “APPENDIX A” for a copy of the District's September 30, 2025, audited financial statements.

*Bookkeeper:* The information related to the “unaudited” summary of the District's General Operating Fund as it appears in “GENERAL OPERATIONS” has been provided by Municipal Accounts & Consulting LP and is included herein in reliance upon the authority of such firm as an expert 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 Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access system (“EMMA”).

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “FINANCIAL STATEMENT,” “TAX DATA,” and “DEBT SERVICE REQUIREMENTS and in “APPENDIX A.” The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

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

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 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 Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of Rule 15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule, or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described 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 through the EMMA internet portal at [www.emma.msrb.org](http://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 Order 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 under “—Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance with Prior Undertakings**

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

**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 Blue Ridge West Municipal Utility District, as of the date shown on the cover page.

/s/ Monica L. Rasmus  
President, Board of Directors  
Blue Ridge West Municipal Utility District

ATTEST:

/s/ Perry R. Evans  
Secretary, Board of Directors  
Blue Ridge West Municipal Utility District

**AERIAL PHOTOGRAPH**  
**(Approximate boundaries of the District as of February 2026)**

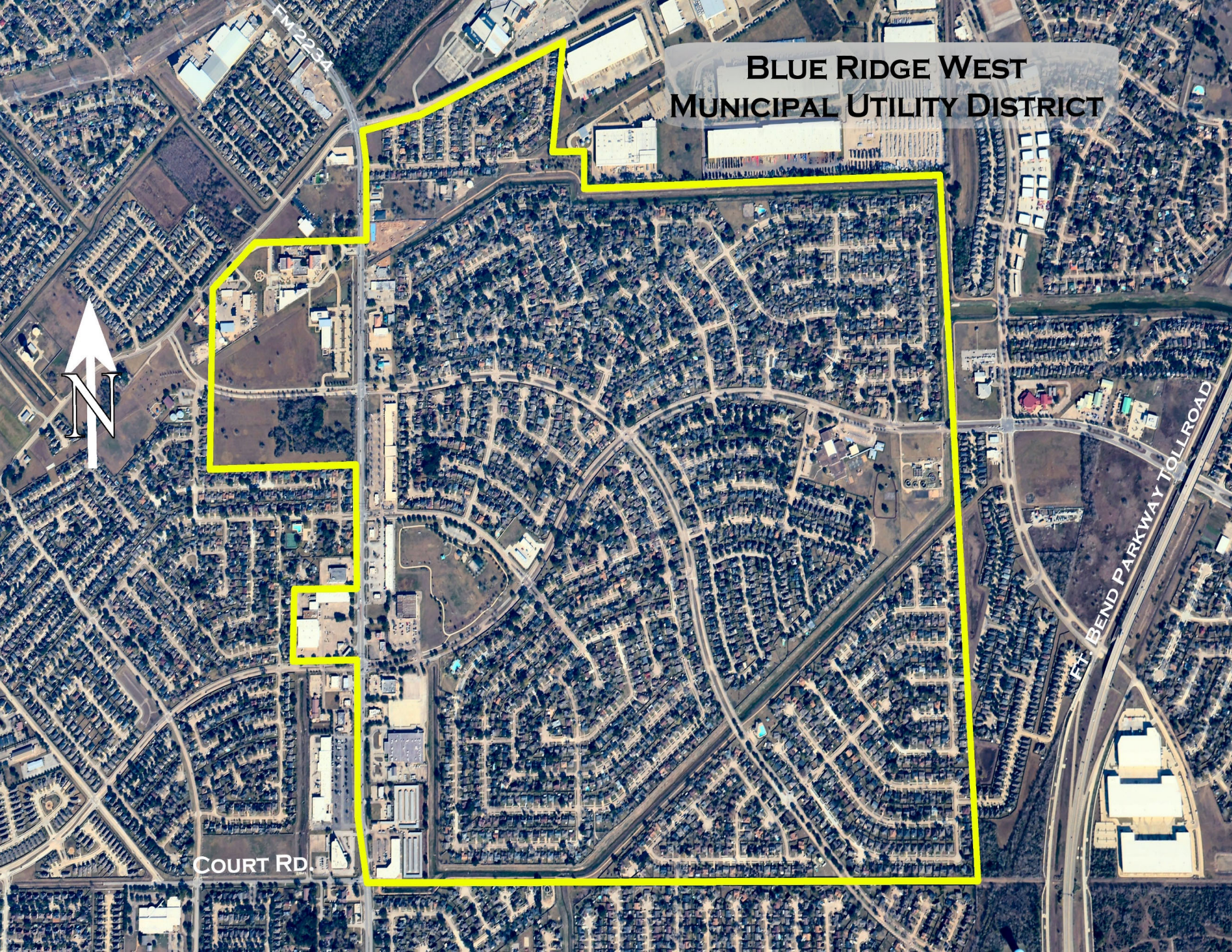
**BLUE RIDGE WEST  
MUNICIPAL UTILITY DISTRICT**



FM 2234

COURT RD.

FT. BEND PARKWAY TOLLROAD



**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken February 2026)**













**APPENDIX A**

**District Audited Financial Statements for the fiscal year ended September 30, 2025**

BLUE RIDGE WEST  
MUNICIPAL UTILITY DISTRICT  
FORT BEND COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
SEPTEMBER 30, 2025

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# Mark C. Eyring, CPA, PLLC

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12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

January 5, 2026

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Blue Ridge West  
Municipal Utility District  
Fort Bend County, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Blue Ridge West Municipal Utility District as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Blue Ridge West Municipal Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Blue Ridge West Municipal Utility District, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Blue Ridge West Municipal Utility District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Blue Ridge West Municipal Utility 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Blue Ridge West Municipal Utility District's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge West Municipal Utility District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blue Ridge West Municipal Utility District's basic financial statements. The supplementary information on Pages 22 to 41 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. G. J.", is centered on the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Blue Ridge West Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2025.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

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

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

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

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

#### *Fund Financial Statements*

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

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

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

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

**Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current and other assets	\$ 13,347,986	\$ 15,154,530	\$ (1,806,544)
Capital assets	12,724,650	9,861,297	2,863,353
Total assets	<u>26,072,636</u>	<u>25,015,827</u>	<u>1,056,809</u>
Long-term liabilities	16,711,852	17,141,212	(429,360)
Other liabilities	1,255,872	1,246,020	9,852
Total liabilities	<u>17,967,724</u>	<u>18,387,232</u>	<u>(419,508)</u>
Net position:			
Invested in capital assets, net of related debt	(4,416,562)	(7,666,831)	3,250,269
Restricted	8,060,131	10,481,094	(2,420,963)
Unrestricted	4,461,343	3,814,332	647,011
Total net position	<u>\$ 8,104,912</u>	<u>\$ 6,628,595</u>	<u>\$ 1,476,317</u>

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 2,151,003	\$ 1,849,925	\$ 301,078
Charges for services	2,718,943	2,189,373	529,570
Other revenues	628,850	803,995	(175,145)
Total revenues	<u>5,498,796</u>	<u>4,843,293</u>	<u>655,503</u>
Expenses:			
Service operations	3,436,514	3,494,458	(57,944)
Debt service	585,965	927,443	(341,478)
Total expenses	<u>4,022,479</u>	<u>4,421,901</u>	<u>(399,422)</u>
Change in net position	1,476,317	421,392	1,054,925
Net position, beginning of year	<u>6,628,595</u>	<u>6,207,203</u>	<u>421,392</u>
Net position, end of year	<u>\$ 8,104,912</u>	<u>\$ 6,628,595</u>	<u>\$ 1,476,317</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended September 30, 2025, were \$12,310,719, a decrease of \$1,823,566 from the prior year.

The General Fund balance increased by \$645,525, in accordance with the District's financial plan to utilize accumulate funds for future repairs and maintenance.

The Debt Service Fund balance increased by \$338,030, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$2,807,121, as authorized expenditures exceeded interest earnings.

#### *General Fund Budgetary Highlights*

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of September 30, 2025, was expected to be \$4,375,210 and the actual end of year fund balance was \$4,364,283.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 36,143	\$ 36,143	\$ 0
Construction in progress	4,692,455	1,481,706	3,210,749
Water facilities	3,578,546	3,806,856	(228,310)
Sewer facilities	4,417,506	4,536,592	(119,086)
Totals	<u>\$ 12,724,650</u>	<u>\$ 9,861,297</u>	<u>\$ 2,863,353</u>

Changes to capital assets during the fiscal year ended September 30, 2025, are summarized as follows:

#### Additions:

Water system improvements	\$ 501,679
Sanitary sewer system improvements	<u>2,761,666</u>
Total additions to capital assets	3,263,345

#### Decreases:

Depreciation	<u>(399,992)</u>
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Net change to capital assets	<u>\$ 2,863,353</u>
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#### *Debt*

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2025, are summarized as follows:

Bonded debt payable, beginning of year	\$ 17,970,000
Bonds paid	<u>(440,000)</u>
Bonded debt payable, end of year	<u>\$ 17,530,000</u>

At September 30, 2025, the District had \$0 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of A2 from Moody's. The Series 2017 bonds are insured by National Public Finance Guarantee Corporation. The Series 2019, 2022 and 2023 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2019, 2022 and 2023 bonds is AA from Standard & Poor's. There was no change in the bond ratings during the fiscal year ended September 30, 2025.

## RELEVANT FACTORS AND WATER SUPPLY ISSUES

### *Property Tax Base*

The District's tax base increased approximately \$43,400,000 for the 2024 tax year (approximately 9%) primarily due to the increase of the average assessed valuations on existing property.

### *Relationship to the City of Missouri City*

The District lies entirely within the city limits of the City of Missouri City.

### *Water Supply Issues*

The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the "Plan") to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District is required to have a groundwater reduction plan ("GRP") approved by the Subsidence District by the beginning date of the District's permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees would be imposed under the Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2014, and exceeds 40% of the District's total water demand beginning January of 2025. The amount of the disincentive fee has not yet been established by the Subsidence District.

The District opted to become part of the City of Missouri City's (the "City") GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. As of September 30, 2025, the City had established a fee of \$1.99 per 1,000 gallons of groundwater pumped, payable monthly. The pumpage fee and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

**BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2025**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 534,683	\$ 49,705	\$ 198	\$ 584,586	\$	\$ 584,586
Certificates of deposit, at cost, Note 7	1,880,000	705,000		2,585,000		2,585,000
Temporary investments, at cost, Note 7	2,103,313	323,449	7,141,510	9,568,272		9,568,272
Receivables:						
Property taxes	97,060	80,108		177,168		177,168
Accrued penalty and interest on property taxes				0	78,667	78,667
Service accounts	255,220			255,220		255,220
Accrued interest	27,687	3,339		31,026		31,026
Maintenance taxes collected not yet transferred from other fund	1,695			1,695	(1,695)	0
Prepaid expenditures	33,000			33,000		33,000
Groundwater bank certificates, at cost, Note 10	35,047			35,047		35,047
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	4,728,598	4,728,598
Depreciable capital assets				0	7,996,052	7,996,052
<b>Total assets</b>	<b><u>\$ 4,967,705</u></b>	<b><u>\$1,161,601</u></b>	<b><u>\$7,141,708</u></b>	<b><u>\$ 13,271,014</u></b>	<b><u>12,801,622</u></b>	<b><u>26,072,636</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 297,132	\$ 9,056	\$ 42,992	\$ 349,180		349,180
Construction contracts payable			223,022	223,022		223,022
Accrued interest payable				0	45,080	45,080
Customer deposits	209,230			209,230		209,230
Maintenance taxes collected not yet transferred to other fund		1,695		1,695	(1,695)	0
Long-term liabilities, Note 5:						
Due within one year				0	429,360	429,360
Due in more than one year				0	16,711,852	16,711,852
<b>Total liabilities</b>	<b><u>506,362</u></b>	<b><u>10,751</u></b>	<b><u>266,014</u></b>	<b><u>783,127</u></b>	<b><u>17,184,597</u></b>	<b><u>17,967,724</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>97,060</u>	<u>80,108</u>	<u>0</u>	<u>177,168</u>	<u>(177,168)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Nonspendable:						
Reserved for groundwater bank certificates, Note 10	35,047			35,047	(35,047)	0
Committed to construction contracts in progress			4,992,685	4,992,685	(4,992,685)	0
Assigned to:						
Debt service		1,070,742		1,070,742	(1,070,742)	0
Capital projects			1,883,009	1,883,009	(1,883,009)	0
Unassigned	<u>4,329,236</u>			<u>4,329,236</u>	<u>(4,329,236)</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>4,364,283</u></b>	<b><u>1,070,742</u></b>	<b><u>6,875,694</u></b>	<b><u>12,310,719</u></b>	<b><u>(12,310,719)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$ 4,967,705</u></b>	<b><u>\$1,161,601</u></b>	<b><u>\$7,141,708</u></b>	<b><u>\$ 13,271,014</u></b>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(4,416,562)	(4,416,562)
Restricted for debt service					1,184,437	1,184,437
Restricted for capital projects					6,875,694	6,875,694
Unrestricted					<u>4,461,343</u>	<u>4,461,343</u>
<b>Total net position</b>					<b><u>\$ 8,104,912</u></b>	<b><u>\$ 8,104,912</u></b>

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

**BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 812,886	\$ 1,316,560	\$	\$ 2,129,446	\$ 22,147	\$ 2,151,593
Water service	722,013			722,013		722,013
Sewer service	925,449			925,449		925,449
Surface water fees	382,291			382,291		382,291
Garbage collection fees	492,748			492,748		492,748
Penalty and interest	87,612	57,341		144,953	(590)	144,363
Interest on deposits and investments	176,371	61,412	391,067	628,850		628,850
Other revenues	51,489			51,489		51,489
				0		
Total revenues	<u>3,650,859</u>	<u>1,435,313</u>	<u>391,067</u>	<u>5,477,239</u>	<u>21,557</u>	<u>5,498,796</u>
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Professional fees	221,201	18,738		239,939		239,939
Contracted services	297,167	66,237	2,360	365,764		365,764
Utilities	158,977			158,977		158,977
Surface water pumpage fees, Note 9	515,643			515,643		515,643
Repairs and maintenance	774,500			774,500		774,500
Other operating expenditures	176,827			176,827		176,827
Garbage disposal	478,537			478,537		478,537
Administrative expenditures	249,481	11,370	2,270	263,121		263,121
Depreciation				0	399,992	399,992
Capital outlay / non-capital outlay	133,001		3,130,344	3,263,345	(3,263,345)	0
Debt service:						
Principal retirement		440,000		440,000	(440,000)	0
Arbitrage expenditure			63,214	63,214		63,214
Interest and fees		560,938		560,938	25,027	585,965
Total expenditures / expenses	<u>3,005,334</u>	<u>1,097,283</u>	<u>3,198,188</u>	<u>7,300,805</u>	<u>(3,278,326)</u>	<u>4,022,479</u>
Excess (deficiency) of revenues over expenditures	<u>645,525</u>	<u>338,030</u>	<u>(2,807,121)</u>	<u>(1,823,566)</u>	<u>3,299,883</u>	<u>1,476,317</u>
Net change in fund balances / net position	645,525	338,030	(2,807,121)	(1,823,566)	3,299,883	1,476,317
Beginning of year	<u>3,718,758</u>	<u>732,712</u>	<u>9,682,815</u>	<u>14,134,285</u>	<u>(7,505,690)</u>	<u>6,628,595</u>
End of year	<u>\$ 4,364,283</u>	<u>\$ 1,070,742</u>	<u>\$ 6,875,694</u>	<u>\$ 12,310,719</u>	<u>\$ (4,205,807)</u>	<u>\$ 8,104,912</u>

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

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1: REPORTING ENTITY

Blue Ridge West Municipal Utility District (the "District") was created by Acts of the 60th Legislature of the State of Texas, Regular Session, 1967, in accordance with Texas Water Code Chapter 51, effective June 16, 1967. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on July 23, 1968, and the first bonds were sold on December 3, 1974. On April 18, 1978, the Texas Water Commission (now the Texas Commission on Environmental Quality) approved the conversion of the District to a municipal utility district which operates in accordance with Texas Water Code Chapters 49 and 54. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide security services, park and recreational facilities, and garbage disposal and collection services.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

### Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

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

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 12,310,719
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		12,724,650
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$(17,530,000)	
Issuance discount (to be amortized as interest expense)	<u>388,788</u>	(17,141,212)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	78,667	
Uncollected property taxes	<u>177,168</u>	255,835
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(45,080)</u>
Net position, end of year		<u>\$ 8,104,912</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ (1,823,566)
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 3,263,345	
Depreciation	<u>(399,992)</u>	2,863,353
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		440,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Issuance discount		(26,429)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	(590)	
Uncollected property taxes	<u>22,147</u>	21,557
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>1,402</u>
Change in net position		<u>\$ 1,476,317</u>

NOTE 4: CAPITAL ASSETS

At September 30, 2025, "Invested in capital assets, net of related debt" was \$(4,416,562). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 36,143	\$	\$	\$ 36,143
Construction in progress	<u>1,481,707</u>	<u>3,210,749</u>		<u>4,692,456</u>
Total capital assets not being depreciated	<u>1,517,850</u>	<u>3,210,749</u>	<u>0</u>	<u>4,728,599</u>
Depreciable capital assets:				
Water system	8,321,749			8,321,749
Sewer system	<u>9,366,787</u>	<u>52,596</u>		<u>9,419,383</u>
Total depreciable capital assets	<u>17,688,536</u>	<u>52,596</u>	<u>0</u>	<u>17,741,132</u>
Less accumulated depreciation for:				
Water system	(4,514,894)	(228,310)		(4,743,204)
Sewer system	<u>(4,830,195)</u>	<u>(171,682)</u>		<u>(5,001,877)</u>
Total accumulated depreciation	<u>(9,345,089)</u>	<u>(399,992)</u>	<u>0</u>	<u>(9,745,081)</u>
Total depreciable capital assets, net	<u>8,343,447</u>	<u>(347,396)</u>	<u>0</u>	<u>7,996,051</u>
Total capital assets, net	<u>\$ 9,861,297</u>	<u>\$ 2,863,353</u>	<u>\$ 0</u>	<u>\$ 12,724,650</u>
Changes to capital assets:				
Capital outlay		\$ 3,263,345	\$	
Less depreciation expense for the fiscal year		<u>(399,992)</u>		
Net increases / decreases to capital assets		<u>\$ 2,863,353</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 17,970,000	\$	\$ 440,000	\$ 17,530,000	\$ 455,000
Less deferred amounts:					
For issuance discounts	<u>(415,217)</u>		<u>(26,429)</u>	<u>(388,788)</u>	<u>(25,640)</u>
Total bonds payable	<u>17,554,783</u>	<u>0</u>	<u>413,571</u>	<u>17,141,212</u>	<u>429,360</u>
Total long-term liabilities	<u>\$ 17,554,783</u>	<u>\$ 0</u>	<u>\$ 413,571</u>	<u>\$ 17,141,212</u>	<u>\$ 429,360</u>

Developer Construction Commitments and Liabilities

At September 30, 2025, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2025, the debt service requirements on the bonds payable were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 455,000	\$ 540,963	\$ 995,963
2027	470,000	523,361	993,361
2028	480,000	505,188	985,188
2029	495,000	490,788	985,788
2030	510,000	475,682	985,682
2031 - 2035	2,805,000	2,153,031	4,958,031
2036 - 2040	3,250,000	1,715,133	4,965,133
2041 - 2045	3,775,000	1,175,093	4,950,093
2046 - 2050	4,340,000	562,394	4,902,394
2051	950,000	29,843	979,843
	<u>\$ 17,530,000</u>	<u>\$ 8,171,476</u>	<u>\$ 25,701,476</u>

Bonds voted	\$ 33,000,000
Bonds approved for sale and sold	33,000,000
Bonds voted and not issued	0
Refunding bonds voted	25,000,000
Refunding bonds sold	0
Refunding bonds voted and not issued	25,000,000

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

The bond issues payable at September 30, 2025, were as follows:

	<u>Series 2017</u>	<u>Series 2019</u>	<u>Series 2022</u>
Amounts outstanding, September 30, 2025	\$1,795,000	\$3,715,000	\$6,635,000
Interest rates	3.00% to 3.75%	2.00% to 2.625%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2026/2041	September 1, 2026/2044	September 1, 2026/2051
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2024*	September 1, 2024*	September 1, 2027*

\*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2023</u>
Amounts outstanding, September 30, 2025	\$5,385,000
Interest rates	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2026/2051
Interest payment dates	March 1/September 1
Callable dates	September 1, 2029*

\*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

In accordance with the Series 2023 Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond interest reserve, beginning of year	\$ 26,655
Appropriation for bond interest paid	<u>(26,655)</u>
Bond interest reserve, end of year	<u>\$ 0</u>

NOTE 6: PROPERTY TAXES

The Fort Bend County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held November 24, 1973, the voters within the District authorized a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On September 3, 2024, the District levied the following ad valorem taxes for the 2024 tax year on the adjusted taxable valuation of \$537,060,916:

	Rate	Amount
Debt service	\$ 0.2500	\$ 1,342,652
Maintenance	0.1525	819,018
	\$ 0.4025	\$ 2,161,670

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2024 tax year total property tax levy	\$ 2,161,670
Appraisal district adjustments to prior year taxes	(10,077)
Statement of Activities property tax revenues	\$ 2,151,593

**NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS**

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool. The private sector investment pool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$9,568,272.

Deposits and temporary investments restricted by state statutes and the Bond Order:

Debt Service Fund

For payment of debt principal and interest,  
paying agent fees and costs of assessing and  
collecting taxes:

Cash	\$ 49,705
Certificates of deposit	705,000
Temporary investments	323,449
	\$ 1,078,154

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Projects Fund

For construction of capital assets:

Cash	\$ 198
Temporary investments	<u>7,141,510</u>
	<u>\$ 7,141,708</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2025, the District had physical damage and boiler and machinery coverage of \$33,860,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$1,000,000, umbrella liability coverage of \$1,000,000, worker’s compensation coverage of \$1,000,000, consultant’s crime coverage of \$500,000 and a tax assessor-collector bond of \$50,000.

NOTE 9: SURFACE WATER CONTRACT

Effective July 1, 2008, the District entered into a Joint Groundwater Reduction Plan Participant Agreement (the “Agreement”) with the City of Missouri City (the “City”) in order to meet regulatory compliance requirements of the Fort Bend Subsidence District (the “Subsidence District”). The Agreement continues until December 31, 2058. Under the terms of the Agreement, the City is the manager of the Groundwater Reduction Plan (the “GRP”) that includes the District as a participant. In order to achieve overall compliance with the Subsidence District regulation for reduction of groundwater use in Regulatory Area A, treated surface water will be supplied by the City to some of the participants in the GRP area in sufficient quantities to meet the requirements. Under the terms of the Agreement, the District will pay to the City a monthly pumpage charge based on the District’s water pumpage. In accordance with this provision, as of September 30, 2025, the City had established a well pumpage fee of \$1.99 per 1,000 gallons of water pumped from each regulated well. The surface water pumpage fees payable to the City for the fiscal year ended September 30, 2025, were \$515,643. The District billed its customers \$382,291 for surface water fees during the fiscal year.

NOTE 10: GROUNDWATER BANK CERTIFICATES

The District has received Groundwater Bank certificates directly from the issuer, the Fort Bend Subsidence District (the “FBSD”). In late 2009, the FBSD adopted a policy detailing the issuance and redemption of Groundwater Bank certificates. These certificates expire in 20 years and allow the bearer to pump the quantity of water specified on the certificate from wells instead of using surface water as mandated by the FBSD. Certificates can also be used in lieu of a disincentive fee assessed by the FBSD for ground water pumpage in excess of the District’s permit as amended. At September 30, 2025, the District had in its possession certificates totaling 87,444 thousand gallons of water. The District values the certificates at cost which resulted in a total cost basis for the certificates on hand of \$35,047 at September 30, 2025.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 809,978	\$ 809,978	\$ 812,886	\$ 2,908
Water service	781,400	781,400	722,013	(59,387)
Sewer service	1,081,790	1,081,790	925,449	(156,341)
Surface water fees	387,100	387,100	382,291	(4,809)
Garbage collection fees	484,600	484,600	492,748	8,148
Penalty and interest	65,000	65,000	87,612	22,612
Interest on deposits and investments	175,584	175,584	176,371	787
Other revenues	37,300	37,300	51,489	14,189
<b>TOTAL REVENUES</b>	<u>3,822,752</u>	<u>3,822,752</u>	<u>3,650,859</u>	<u>(171,893)</u>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	202,300	202,300	221,201	18,901
Contracted services	298,680	298,680	297,167	(1,513)
Utilities	192,400	192,400	158,977	(33,423)
Surface water pumpage fees	505,500	505,500	515,643	10,143
Repairs and maintenance	805,900	805,900	774,500	(31,400)
Other operating expenditures	190,816	190,816	176,827	(13,989)
Garbage disposal	487,300	487,300	478,537	(8,763)
Administrative expenditures	272,804	272,804	249,481	(23,323)
Capital outlay	210,600	210,600	133,001	(77,599)
<b>TOTAL EXPENDITURES</b>	<u>3,166,300</u>	<u>3,166,300</u>	<u>3,005,334</u>	<u>(160,966)</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	656,452	656,452	645,525	(10,927)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,718,758</u>	<u>3,718,758</u>	<u>3,718,758</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,375,210</u>	<u>\$ 4,375,210</u>	<u>\$ 4,364,283</u>	<u>\$ (10,927)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
SEPTEMBER 30, 2025

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2025

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$15.00	8,000	N	\$1.00 1.25 1.50	8,001 to 15,000 15,001 to 25,000 Over 25,000
WASTEWATER:	\$30.00		Y		
SURCHARGE:	\$1.99 per 1,000 gallons of water used – surface water fee. 18.50 Solid waste fee (collected for and paid to City of Missouri City by District)				

District employs winter averaging for wastewater usage: Yes  No

Total charges per 10,000 gallons usage: Water: \$17.00    Wastewater: \$30.00    Surcharge: \$38.40

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF SERVICES AND RATES (Continued)  
SEPTEMBER 30, 2025

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	2,475	2,420	1.0	2,420
1"	23	23	2.5	58
1-1/2"	14	12	5.0	60
2"	30	29	8.0	232
3"	3	3	15.0	45
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	1	1	80.0	80
10"	0	0	115.0	0
Total Water	<u>2,546</u>	<u>2,488</u>		<u>2,895</u>
Total Wastewater	<u>2,514</u>	<u>2,456</u>	1.0	<u>2,456</u>

\*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 261,495  
 Gallons billed to customers (unaudited): 199,987

Water Accountability Ratio  
 (Gallons billed/ gallons pumped): 76%

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: \_\_\_\_\_

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Professional fees:				
Auditing	\$ 13,950	\$	\$	\$ 13,950
Legal	112,547	18,738		131,285
Engineering	94,704			94,704
	<u>221,201</u>	<u>18,738</u>	<u>0</u>	<u>239,939</u>
Contracted services:				
Bookkeeping	77,792		2,360	80,152
Operation and billing	219,375			219,375
Tax assessor-collector		40,135		40,135
Central appraisal district		26,102		26,102
	<u>297,167</u>	<u>66,237</u>	<u>2,360</u>	<u>365,764</u>
Utilities	<u>158,977</u>	<u>0</u>	<u>0</u>	<u>158,977</u>
Surface water pumpage fees	<u>515,643</u>	<u>0</u>	<u>0</u>	<u>515,643</u>
Repairs and maintenance	<u>774,500</u>	<u>0</u>	<u>0</u>	<u>774,500</u>
Other operating expenditures:				
Sludge hauling	17,205			17,205
Chemicals	58,257			58,257
Laboratory costs	57,140			57,140
Inspection costs	23,676			23,676
Reconnection costs	6,000			6,000
TCEQ assessment	8,014			8,014
Other	6,535			6,535
	<u>176,827</u>	<u>0</u>	<u>0</u>	<u>176,827</u>
Garbage disposal	<u>478,537</u>	<u>0</u>	<u>0</u>	<u>478,537</u>
Administrative expenditures:				
Director's fees	32,301			32,301
Office supplies and postage	45,581			45,581
Insurance	116,306			116,306
Permit fees	16,569			16,569
Other	38,724	11,370	2,270	52,364
	<u>249,481</u>	<u>11,370</u>	<u>2,270</u>	<u>263,121</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT

EXPENDITURES (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	\$ 133,001	\$ 0	\$ 3,130,344	\$ 3,263,345
<b>DEBT SERVICE</b>				
Principal retirement	0	440,000	0	440,000
Arbitrage expenditures	0	0	63,214	63,214
Interest and fees:				
Interest		557,788		557,788
Paying agent fees		3,150		3,150
	<u>0</u>	<u>560,938</u>	<u>0</u>	<u>560,938</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,005,334</u>	<u>\$ 1,097,283</u>	<u>\$ 3,198,188</u>	<u>\$ 7,300,805</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 2,833,086	\$ 1,447,059	\$ 391,067	\$ 4,671,212
Maintenance tax receipts		812,886		812,886
Transfer of maintenance taxes	814,716			814,716
Increase in customer deposits	1,880			1,880
Overpayments from taxpayers		<u>46,407</u>		<u>46,407</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED</b>	<u>3,649,682</u>	<u>2,306,352</u>	<u>391,067</u>	<u>6,347,101</u>
<b>APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash disbursements for:				
Current expenditures	2,854,919	98,075	4,630	2,957,624
Capital outlay	133,001		3,156,070	3,289,071
Debt service		1,000,938	63,214	1,064,152
Prepaid expenditures	33,000			33,000
Transfer of maintenance taxes		814,716		814,716
Refund of taxpayer overpayments		<u>42,782</u>		<u>42,782</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED</b>	<u>3,020,920</u>	<u>1,956,511</u>	<u>3,223,914</u>	<u>8,201,345</u>
<b>INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS</b>	628,762	349,841	(2,832,847)	(1,854,244)
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR</b>	<u>3,889,234</u>	<u>728,313</u>	<u>9,974,553</u>	<u>14,592,100</u>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR</b>	<u>\$ 4,517,996</u>	<u>\$ 1,078,154</u>	<u>\$ 7,141,706</u>	<u>\$12,737,856</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICTSCHEDULE OF TEMPORARY INVESTMENTSSEPTEMBER 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Texas CLASS				
No. TX-01-0306-0001	Market	On demand	\$ 2,103,313	\$ 0
Certificates of Deposit				
No. 9455	4.13%	5/15/26	\$ 235,000	\$ 1,144
No. 0551	4.09%	3/10/26	235,000	5,372
No. 8320	4.00%	3/13/26	235,000	438
No. 8680	4.05%	12/05/25	235,000	5,319
No. 3298	4.05%	2/18/26	235,000	1,121
No. 2924	4.25%	5/06/26	235,000	1,423
No. 5829	4.15%	1/25/26	235,000	1,683
No. 0557	4.80%	10/02/25	<u>235,000</u>	<u>11,187</u>
			<u>\$ 1,880,000</u>	<u>\$ 27,687</u>
DEBT SERVICE FUND				
Texas CLASS				
No. TX-01-0306-0003	Market	On demand	\$ 323,449	\$ 0
Certificates of Deposit				
No. 9634	4.41%	2/21/26	\$ 235,000	\$ 1,022
No. 3306	4.05%	2/18/26	235,000	1,121
No. 6335	4.32%	2/18/26	<u>235,000</u>	<u>1,196</u>
			<u>\$ 705,000</u>	<u>\$ 3,339</u>
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0306-0004	Market	On demand	723,790	0
No. TX-01-0306-0005	Market	On demand	1,977,537	0
No. TX-01-0306-0006	Market	On demand	<u>4,440,183</u>	<u>0</u>
			<u>\$ 7,141,510</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 12,153,272</u>	<u>\$ 31,026</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 95,574	\$ 59,447
Additions and corrections to prior year taxes	<u>(4,646)</u>	<u>(5,431)</u>
Adjusted receivable, beginning of year	90,928	54,016
2024 ADJUSTED TAX ROLL	<u>819,018</u>	<u>1,342,652</u>
Total to be accounted for	909,946	1,396,668
Tax collections: Current tax year	(790,395)	(1,295,730)
Prior tax years	<u>(22,491)</u>	<u>(20,830)</u>
RECEIVABLE, END OF YEAR	<u>\$ 97,060</u>	<u>\$ 80,108</u>
RECEIVABLE, BY TAX YEAR		
2014 and prior	\$ 14,849	\$
2015	2,213	
2016	4,045	
2017	4,692	737
2018	4,817	949
2019	4,556	2,235
2020	6,015	2,831
2021	7,449	3,836
2022	7,893	7,209
2023	11,908	15,389
2024	<u>28,623</u>	<u>46,922</u>
RECEIVABLE, END OF YEAR	<u>\$ 97,060</u>	<u>\$ 80,108</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICTTAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2025

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 101,312,666	\$ 79,911,280	\$ 79,919,490	\$ 79,919,520
Improvements	618,229,540	593,513,412	509,962,332	411,528,868
Personal property	17,126,598	14,811,642	14,821,970	14,139,490
Less exemptions	<u>(199,607,888)</u>	<u>(194,571,945)</u>	<u>(161,552,088)</u>	<u>(115,886,347)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 537,060,916</u>	<u>\$ 493,664,389</u>	<u>\$ 443,151,704</u>	<u>\$ 389,701,531</u>
Debt service tax rates	\$ 0.25000	\$ 0.21000	\$ 0.15800	\$ 0.12000
Maintenance tax rates*	<u>0.15250</u>	<u>0.16250</u>	<u>0.17300</u>	<u>0.23300</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.40250</u>	<u>\$ 0.37250</u>	<u>\$ 0.33100</u>	<u>\$ 0.35300</u>
TAX ROLLS	<u>\$ 2,161,670</u>	<u>\$ 1,838,900</u>	<u>\$ 1,466,832</u>	<u>\$ 1,375,647</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>96.5 %</u>	<u>98.5 %</u>	<u>99.0 %</u>	<u>99.2 %</u>

\*Maximum tax rate approved by voters on November 24, 1973: Unlimited

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS  
SEPTEMBER 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2017</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 85,000	\$ 59,963	\$ 144,963
2027	90,000	57,412	147,412
2028	90,000	54,713	144,713
2029	95,000	52,013	147,013
2030	100,000	49,163	149,163
2031	100,000	46,163	146,163
2032	105,000	43,037	148,037
2033	110,000	39,756	149,756
2034	110,000	36,181	146,181
2035	115,000	32,606	147,606
2036	120,000	28,725	148,725
2037	125,000	24,675	149,675
2038	130,000	20,300	150,300
2039	135,000	15,750	150,750
2040	140,000	10,687	150,687
2041	145,000	5,437	150,437
TOTALS	<u>\$ 1,795,000</u>	<u>\$ 576,581</u>	<u>\$ 2,371,581</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
SEPTEMBER 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2019</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 160,000	\$ 86,925	\$ 246,925
2027	165,000	83,725	248,725
2028	165,000	80,425	245,425
2029	165,000	77,125	242,125
2030	170,000	73,618	243,618
2031	170,000	70,006	240,006
2032	170,000	66,394	236,394
2033	175,000	62,781	237,781
2034	175,000	59,062	234,062
2035	175,000	55,344	230,344
2036	175,000	51,406	226,406
2037	175,000	47,469	222,469
2038	175,000	43,094	218,094
2039	175,000	38,719	213,719
2040	175,000	34,344	209,344
2041	175,000	29,969	204,969
2042	325,000	25,594	350,594
2043	325,000	17,062	342,062
2044	325,000	8,532	333,532
TOTALS	<u>\$ 3,715,000</u>	<u>\$ 1,011,594</u>	<u>\$ 4,726,594</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
SEPTEMBER 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2022</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 90,000	\$ 161,657	\$ 251,657
2027	90,000	157,606	247,606
2028	95,000	153,556	248,556
2029	100,000	151,656	251,656
2030	100,000	149,657	249,657
2031	110,000	147,656	257,656
2032	115,000	145,456	260,456
2033	115,000	143,156	258,156
2034	125,000	140,857	265,857
2035	130,000	138,356	268,356
2036	135,000	135,756	270,756
2037	140,000	132,888	272,888
2038	150,000	129,912	279,912
2039	155,000	126,538	281,538
2040	165,000	123,050	288,050
2041	175,000	119,338	294,338
2042	185,000	115,400	300,400
2043	195,000	111,006	306,006
2044	200,000	106,375	306,375
2045	540,000	101,625	641,625
2046	550,000	88,125	638,125
2047	565,000	74,375	639,375
2048	580,000	60,250	640,250
2049	595,000	45,750	640,750
2050	610,000	30,875	640,875
2051	625,000	15,625	640,625
	<u>625,000</u>	<u>15,625</u>	<u>640,625</u>
TOTALS	<u>\$ 6,635,000</u>	<u>\$ 3,006,501</u>	<u>\$ 9,641,501</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
SEPTEMBER 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2023</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 120,000	\$ 232,418	\$ 352,418
2027	125,000	224,618	349,618
2028	130,000	216,494	346,494
2029	135,000	209,994	344,994
2030	140,000	203,244	343,244
2031	150,000	197,644	347,644
2032	155,000	191,644	346,644
2033	160,000	185,444	345,444
2034	165,000	179,044	344,044
2035	175,000	172,444	347,444
2036	180,000	165,444	345,444
2037	190,000	158,244	348,244
2038	195,000	150,644	345,644
2039	205,000	142,844	347,844
2040	210,000	134,644	344,644
2041	220,000	125,982	345,982
2042	230,000	116,906	346,906
2043	235,000	107,418	342,418
2044	245,000	97,431	342,431
2045	255,000	87,018	342,018
2046	265,000	76,181	341,181
2047	275,000	64,918	339,918
2048	290,000	53,232	343,232
2049	300,000	40,906	340,906
2050	310,000	27,782	337,782
2051	325,000	14,218	339,218
	<u>5,385,000</u>	<u>3,576,800</u>	<u>8,961,800</u>
TOTALS	<u>\$ 5,385,000</u>	<u>\$ 3,576,800</u>	<u>\$ 8,961,800</u>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
SEPTEMBER 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2026	\$ 455,000	\$ 540,963	\$ 995,963
2027	470,000	523,361	993,361
2028	480,000	505,188	985,188
2029	495,000	490,788	985,788
2030	510,000	475,682	985,682
2031	530,000	461,469	991,469
2032	545,000	446,531	991,531
2033	560,000	431,137	991,137
2034	575,000	415,144	990,144
2035	595,000	398,750	993,750
2036	610,000	381,331	991,331
2037	630,000	363,276	993,276
2038	650,000	343,950	993,950
2039	670,000	323,851	993,851
2040	690,000	302,725	992,725
2041	715,000	280,726	995,726
2042	740,000	257,900	997,900
2043	755,000	235,486	990,486
2044	770,000	212,338	982,338
2045	795,000	188,643	983,643
2046	815,000	164,306	979,306
2047	840,000	139,293	979,293
2048	870,000	113,482	983,482
2049	895,000	86,656	981,656
2050	920,000	58,657	978,657
2051	950,000	29,843	979,843
<b>TOTALS</b>	<b>\$ 17,530,000</b>	<b>\$ 8,171,476</b>	<b>\$ 25,701,476</b>

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Bond Series:	2017	2019	2022
Interest Rate:	3.00% to 3.75%	2.00% to 2.625%	2.00% to 4.50%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2026/2041	September 1, 2026/2044	September 1, 2026/2051
Bonds Outstanding at Beginning of Current Year	\$ 1,880,000	\$ 3,875,000	\$ 6,715,000
Less Retirements	<u>(85,000)</u>	<u>(160,000)</u>	<u>(80,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,795,000</u>	<u>\$ 3,715,000</u>	<u>\$ 6,635,000</u>
Current Year Interest Paid:	<u>\$ 62,513</u>	<u>\$ 90,125</u>	<u>\$ 165,256</u>

Bond Descriptions and Original Amount of Issue

- (1) Blue Ridge West Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2017 (\$2,380,000)
- (2) Blue Ridge West Municipal Utility District Unlimited Tax Bonds, Series 2019 (\$4,500,000)
- (3) Blue Ridge West Municipal Utility District Unlimited Tax Bonds, Series 2022 (\$7,000,000)

Paying Agent/Registrar

- (1) (2) (3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>(4)</u>	<u>Totals</u>
Bond Series:	2023	
Interest Rate:	4.00% to 6.50%	
Dates Interest Payable:	March 1/ September 1	
Maturity Dates:	September 1, 2026/2051	
Bonds Outstanding at Beginning of Current Year	\$ 5,500,000	\$ 17,970,000
Less Retirements	<u>(115,000)</u>	<u>(440,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 5,385,000</u>	<u>\$ 17,530,000</u>
Current Year Interest Paid:	<u>\$ 239,894</u>	<u>\$ 557,788</u>

Bond Descriptions and Original Amount of Issue

(4) Blue Ridge West Municipal Utility District Unlimited Tax Bonds, Series 2023 (\$5,500,000)

Paying Agent/Registrar

(4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 33,000,000	\$ 0	25,000,000
Amount Issued:	33,000,000		0
Remaining to be Issued:	0		25,000,000

Net Debt Service Fund deposits and investments balances as of September 30, 2025: \$1,070,742  
Average annual debt service payment for remaining term of all debt: 988,518

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>										
Property taxes	\$ 812,886	\$ 795,706	\$ 763,072	\$ 902,550	\$ 916,241	22.3 %	25.5 %	26.3 %	34.9 %	35.7 %
Water service	722,013	600,361	557,550	408,371	406,987	19.8	19.1	19.2	15.8	15.9
Sewer service	925,449	603,273	459,425	342,992	354,147	25.3	19.2	15.8	13.2	13.8
Surface water fees	382,291	369,629	382,220	358,681	348,268	10.5	11.8	13.1	13.9	13.6
Garbage collection fees	492,748	468,620	467,073	453,466	451,286	13.5	14.9	16.0	17.5	17.6
Penalty and interest	87,612	66,632	55,998	49,968	35,411	2.4	2.1	1.9	1.9	1.4
Tap connections and inspection fees	0	0	14,861	12,196	2,747	0.0	0.0	0.5	0.5	0.1
Interest on deposits and investments	176,371	195,956	177,935	24,407	18,146	4.8	6.2	6.1	0.9	0.7
Other revenues	51,489	38,295	32,067	36,028	31,785	1.4	1.2	1.1	1.4	1.2
<b>TOTAL REVENUES</b>	<b><u>3,650,859</u></b>	<b><u>3,138,472</u></b>	<b><u>2,910,201</u></b>	<b><u>2,588,659</u></b>	<b><u>2,565,018</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>
<b>EXPENDITURES</b>										
Current:										
Professional fees	221,201	266,346	197,859	185,156	156,724	6.1	8.5	6.8	7.2	6.1
Contracted services	297,167	290,512	261,334	230,698	209,463	8.1	9.3	9.0	8.9	8.2
Utilities	158,977	181,586	161,752	180,416	159,320	4.4	5.8	5.6	7.0	6.2
Surface water pumpage fees	515,643	496,579	441,321	404,433	405,296	14.1	15.8	15.2	15.6	15.8
Repairs and maintenance	774,500	880,506	1,015,955	632,343	651,680	21.3	28.0	34.8	24.3	25.4
Other operating expenditures	176,827	173,995	268,395	138,524	126,300	4.8	5.5	9.2	5.4	4.9
Garbage disposal	478,537	464,058	444,684	431,150	430,212	13.1	14.8	15.3	16.7	16.8
Administrative expenditures	249,481	269,421	220,701	206,424	171,750	6.8	8.6	7.6	8.0	6.7
Capital outlay	133,001	64,879	111,708	106,462	143,637	3.6	2.1	3.8	4.1	5.6
<b>TOTAL EXPENDITURES</b>	<b><u>3,005,334</u></b>	<b><u>3,087,882</u></b>	<b><u>3,123,709</u></b>	<b><u>2,515,606</u></b>	<b><u>2,454,382</u></b>	<b><u>82.3</u></b>	<b><u>98.4</u></b>	<b><u>107.3</u></b>	<b><u>97.2</u></b>	<b><u>95.7</u></b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b><u>\$ 645,525</u></b>	<b><u>\$ 50,590</u></b>	<b><u>\$ (213,508)</u></b>	<b><u>\$ 73,053</u></b>	<b><u>\$ 110,636</u></b>	<b><u>17.7 %</u></b>	<b><u>1.6 %</u></b>	<b><u>(7.3) %</u></b>	<b><u>2.8 %</u></b>	<b><u>4.3 %</u></b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b><u>2,488</u></b>	<b><u>2,476</u></b>	<b><u>2,499</u></b>	<b><u>2,499</u></b>	<b><u>2,483</u></b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b><u>2,456</u></b>	<b><u>2,445</u></b>	<b><u>2,469</u></b>	<b><u>2,472</u></b>	<b><u>2,460</u></b>					

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND  
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
<b>REVENUES</b>										
Property taxes	\$ 1,316,560	\$ 1,016,058	\$ 689,368	\$ 462,859	\$ 428,826	91.7 %	91.4 %	92.2 %	93.2 %	92.0 %
Penalty and interest	57,341	42,563	30,625	29,178	36,372	4.0	3.8	4.1	5.9	7.8
Interest on deposits and investments	<u>61,412</u>	<u>53,521</u>	<u>27,718</u>	<u>4,286</u>	<u>788</u>	<u>4.3</u>	<u>4.8</u>	<u>3.7</u>	<u>0.9</u>	<u>0.2</u>
<b>TOTAL REVENUES</b>	<u>1,435,313</u>	<u>1,112,142</u>	<u>747,711</u>	<u>496,323</u>	<u>465,986</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>EXPENDITURES</b>										
Current:										
Professional fees	18,738	11,669	9,410	9,244	12,669	1.3	1.0	1.3	1.9	2.7
Contracted services	66,237	48,410	51,701	48,542	46,822	4.6	4.4	6.9	9.8	10.0
Other expenditures	11,370	11,426	7,616	9,558	7,819	0.8	1.0	1.0	1.9	1.7
Debt service:										
Principal retirement	440,000	320,000	310,000	355,000	225,000	30.7	28.8	41.5	71.5	48.3
Interest and fees	<u>560,938</u>	<u>542,883</u>	<u>337,131</u>	<u>282,393</u>	<u>174,519</u>	<u>39.0</u>	<u>48.8</u>	<u>45.0</u>	<u>56.9</u>	<u>37.5</u>
<b>TOTAL EXPENDITURES</b>	<u>1,097,283</u>	<u>934,388</u>	<u>715,858</u>	<u>704,737</u>	<u>466,829</u>	<u>76.4</u>	<u>84.0</u>	<u>95.7</u>	<u>142.0</u>	<u>100.2</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>\$ 338,030</u>	<u>\$ 177,754</u>	<u>\$ 31,853</u>	<u>\$ (208,414)</u>	<u>\$ (843)</u>	<u>23.6 %</u>	<u>16.0 %</u>	<u>4.3 %</u>	<u>(42.0) %</u>	<u>(0.2) %</u>

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

SEPTEMBER 30, 2025

Complete District Mailing Address: Blue Ridge West Municipal Utility District  
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP  
1330 Post Oak Boulevard  
Suite 2650  
Houston, Texas 77056

District Business Telephone No.: 713-850-9000

Submission date of the most recent District Registration Form: October 7, 2024

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid*</u>	<u>Expense Reimb.*</u>	<u>Title at Year End</u>
Monica L. Rasmus 1302 Cowden Court Missouri City, Texas 77489	Elected 5/04/24- 5/06/28	\$ 6,188	\$ 205	President
Terah T. Bias 719 Brookford Missouri City, Texas 77489	Elected 5/07/22- 5/02/26	5,967	38	Vice President
Perry R. Evans 1203 Blocker Lane Missouri City, Texas 77489	Elected 5/04/24- 5/06/28	6,537	3,660	Secretary/ Investment Officer
Llarance Turner 1311 Lodge Court Missouri City, Texas 77489	Elected 5/04/24- 5/06/28	6,409	1,714	Assistant Investment Officer
Daryl L. Smith 2510 Stillwell Street Missouri City, Texas 77489	Elected 5/07/22- 5/02/26	7,200	7,144	Assistant Secretary

\*Calendar year basis.

See accompanying independent auditor's report.

BLUE RIDGE WEST MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2025

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Sanford Kuhl Hagan Kugle Parker, Kahn, LLP 1330 Post Oak Boulevard Suite 2650 Houston, Texas 77056	1/23/10	\$ 116,050	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	5/01/00	18,738	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmoore Road Houston, Texas 77043	1/09/06	85,770	Bookkeeper
Si Environmental, LLC 6420 Reading Road Rosenberg, Texas 77471	7/09/12	1,178,325	Operator
Quiddity Engineering, LLC 6330 West Loop South, Suite 150 Bellaire, Texas 77401	12/04/89	485,664	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	3/29/83	50,746	Tax Assessor-Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Rosenberg, Texas 77471	Legislative Action	26,102	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/04/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	13,950	Independent Auditor

See accompanying independent auditor's report.

**APPENDIX B**

**Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN