

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 188
(Fort Bend County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: MAY 11, 2026**

**\$5,000,000
UNLIMITED TAX ROAD BONDS
SERIES 2026**

**BIDS TO BE SUBMITTED BY: 9:30 A.M., CENTRAL TIME
MONDAY, JUNE 8, 2026**

**BONDS TO BE AWARDED AT: 12:00 P.M., CENTRAL TIME
MONDAY, JUNE 8, 2026**

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

PRELIMINARY OFFICIAL STATEMENT DATED MAY 11, 2026

This Preliminary Official Statement is subject to completion and amendment as provided in the Official Notice of Sale and is intended for the solicitation of initial bids to purchase the Road Bonds (herein defined). Upon the sale of the Road Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, THE ROAD BONDS ARE VALID OBLIGATIONS OF THE DISTRICT, AND INTEREST ON THE ROAD BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. SEE “LEGAL MATTERS” and “TAX MATTERS” HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CERTAIN CORPORATIONS.

The Road Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book Entry Only

\$5,000,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 188
(A Political Subdivision of the State of Texas Located within Fort Bend County)
UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated Date: July 1, 2026

Interest Accrues from: Date of Delivery

Due: July 1, as shown on inside cover

The \$5,000,000 Unlimited Tax Road Bonds, Series 2026 (the “Road Bonds”) are obligations solely of Fort Bend County Municipal Utility District No. 188 (the “District”) and are not obligations of Fort Bend County, Texas; the City of Fulshear, Texas; the State of Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of Fort Bend County, Texas; the City of Fulshear, Texas; the State of Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Road Bonds.

The Road Bonds are dated July 1, 2026 (the “Dated Date”), and will accrue interest from the date of delivery, which is expected to be on or about July 15, 2026 (the “Date of Delivery”), with interest payable January 1, 2027, and on each July 1 and January 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Road Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar (herein defined) to registered owners (“Registered Owners”) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the “Record Date”).

The Road Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), acting as securities depository for the Road Bonds until DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Road Bonds, principal of and interest on the Road Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Road Bonds. The District has designated Regions Bank, an Alabama state banking corporation, Houston, Texas, as the initial paying agent/registrar (the “Paying Agent/Registrar”) for the Road Bonds.

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS” on inside cover.

The Road Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of constructing a road system to serve the District (the “Road System”). See “THE ROAD BONDS – Authority for Issuance.”

The Road Bonds, when issued, will constitute valid and binding obligations of the District payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE ROAD BONDS – Source of Payment.” Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled “INVESTMENT CONSIDERATIONS,” before making an investment decision.

The Road Bonds are offered, when, as and if issued by the District and accepted by the winning bidder of the Road Bonds (the “Initial Purchaser”), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Road Bonds through the facilities of DTC is expected on or about July 15, 2026.

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

Maturity (July 1)	Principal Amount (d)	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)	Maturity (July 1)	Principal Amount (d)	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)
2028	\$ 110,000	____%	____%	_____	2040 (c)	\$ 200,000	____%	____%	_____
2029	120,000	____%	____%	_____	2041 (c)	210,000	____%	____%	_____
2030	125,000	____%	____%	_____	2042 (c)	220,000	____%	____%	_____
2031	130,000	____%	____%	_____	2043 (c)	235,000	____%	____%	_____
2032	135,000	____%	____%	_____	2044 (c)	245,000	____%	____%	_____
2033 (c)	145,000	____%	____%	_____	2045 (c)	255,000	____%	____%	_____
2034 (c)	150,000	____%	____%	_____	2046 (c)	270,000	____%	____%	_____
2035 (c)	160,000	____%	____%	_____	2047 (c)	285,000	____%	____%	_____
2036 (c)	165,000	____%	____%	_____	2048 (c)	300,000	____%	____%	_____
2037 (c)	175,000	____%	____%	_____	2049 (c)	315,000	____%	____%	_____
2038 (c)	185,000	____%	____%	_____	2050 (c)	330,000	____%	____%	_____
2039 (c)	190,000	____%	____%	_____	2051 (c)	345,000	____%	____%	_____

- (a) Information with respect to the initial reoffering yields of the Road Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date. Accrued interest is to be added to the price.
- (b) CUSIP numbers will be assigned to the Road Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Road Bonds.
- (c) Road Bonds maturing on July 1, 2033, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on July 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See “THE ROAD BONDS – Redemption Provisions.”
- (d) The Initial Purchaser may designate one or more maturities as term bonds. See accompanying “Official Notice of Sale” and “Official Bid Form.”

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (“SEC Rule 15c2-12”), as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an “official statement” of the District with respect to the Road Bonds that has been deemed “final” by the District as of its date except for the omission of no more than information permitted by SEC Rule 15c2-12.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Road Bonds shall constitute a “final official statement” of the District with respect to the Road Bonds, as such term is defined in SEC Rule 15c2-12.

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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, orders, contracts, records, and 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 Coats Rose, P.C. for further information.

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 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, other matters described in the Official Statement until delivery of the Road Bonds to the Initial Purchaser and thereafter only as specified in “CONTINUING DISCLOSURE OF INFORMATION” and “OFFICIAL STATEMENT – Updating of Official Statement.”

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

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SALE AND DISTRIBUTION OF THE ROAD BONDS

Award of the Road Bonds

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

No assurance can be given that any trading market will be developed for the Road Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Road Bonds are subsequently sold, and the initial yields at which the Road Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

The delivery of the Road 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 Road Bonds stating the prices at which a substantial amount of the Road Bonds of each maturity has been sold 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 Road 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 Road Bonds may be changed from time to time by the Initial Purchaser after the Road Bonds are released for sale, and the Road Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Road Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE ROAD BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE ROAD BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

Municipal Bond Insurance

An application has been made for a commitment to issue a policy of municipal bond guaranty insurance on the Road Bonds. **The purchase of such Municipal Bond Guaranty Insurance on the Road Bonds by the Initial Purchaser is mandatory**, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating company, will be at the option and expense of the Initial Purchaser. The Initial Purchaser understands, by submission of its bid, that the Initial Purchaser is solely responsible for the selection of any insurer and for all

negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Road Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings.

Rating

An application has not been made for a municipal bond rating on the Road Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating.

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in the Official Statement. The offering of the Road Bonds (herein defined) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE ROAD BONDS

- The IssuerThe District was created by order of the Texas Commission on Environmental Quality dated March 16, 2006. The District contains approximately 382.1 acres. See “THE DISTRICT – General.”
- Description of the Road Bonds.....The \$5,000,000 Unlimited Tax Road Bonds, Series 2026 (the “Road Bonds”) are dated July 1, 2026 (the “Dated Date”), and will accrue interest from the date of delivery, which is expected to be on or about July 15, 2026 (the “Date of Delivery”), with interest payable January 1, 2027, and on each July 1 and January 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Road Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one maturity. See “THE ROAD BONDS – General.”
- Redemption.....Road Bonds maturing on or after July 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District on July 1, 2032, and any date thereafter at a price of par plus accrued interest to the date of redemption. See “THE ROAD BONDS – Redemption Provisions.”
- Source of Payment.....Principal of and interest on the Road Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. **The Road Bonds are obligations solely of the District, and are not obligations of the State of Texas, Fort Bend County, Texas (the “County”), the City of Fulshear, Texas (the “City”), or any entity other than the District.** See “THE ROAD BONDS – Source of Payment.”
- Authority for IssuanceThe Road Bonds constitute the second series of unlimited tax road bonds issued by the District for the purpose of acquiring and/or constructing a road system to serve the District (the “Road System”). Voters in the District have authorized a total of \$95,000,000 principal amount of unlimited tax bonds for the Road System. Additionally, the voters in the District have authorized a total of \$205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the “Utility System”) and a total of \$35,000,000 principal amount of unlimited tax bonds for the construction of parks and recreational facilities to serve the District (the “Park System”).

Following the issuance of the Road Bonds, \$85,000,000 principal amount of unlimited tax bonds for the Road System will remain authorized and unissued, \$180,250,000 principal amount of unlimited tax bonds for the Utility System will remain authorized and unissued, and \$35,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. Voters in the District also

authorized a total of \$47,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Road System, \$102,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Utility System, and \$17,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Park System, all of which will remain authorized but unissued following the sale of the Road Bonds. The Road Bonds, when issued, will constitute legal, valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. See “THE ROAD BONDS – Source of Payment.”

The Road Bonds are issued pursuant to Chapter 8470 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the order of the Board authorizing the issuance of the Road Bonds (the “Road Bond Order”); an election held on November 2, 2021; and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended. See “THE ROAD BONDS – Authority for Issuance” and “THE ROAD BONDS – Issuance of Additional Debt.”

Outstanding BondsThe District previously issued its \$15,000,000 Unlimited Tax Utility Bonds, Series 2025, of which \$15,000,000 remains outstanding as of April 1, 2026 (the “2025 Outstanding Utility Bonds”), its \$9,750,000 Unlimited Tax Utility Bonds, Series 2024, of which \$9,750,000 principal amount remains outstanding as of April 1, 2026 (the “2024 Outstanding Utility Bonds”) and its \$5,000,000 Unlimited Tax Road Bonds, Series 2023 of which \$4,900,000 principal amount remains outstanding as of April 1, 2026 (the “2023 Outstanding Road Bonds” and together with the 2024 Outstanding Utility Bonds and the 2025 Outstanding Utility Bonds, the “Outstanding Bonds”).

Use of Bond Proceeds.....A portion of the proceeds of the sale of the Road Bonds will be used to reimburse the Developer for the construction costs set out under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, a portion of the proceeds from the sale of the Road Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Road Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Qualified Tax-Exempt Obligations.....The Road Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

Municipal Bond Insurance.....Applications have been made for a commitment for municipal bond guaranty insurance on the Road Bonds. **The purchase of such Municipal Bond Guaranty Insurance on the Road Bonds by the Initial Purchaser is mandatory**, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies, will be at the option of the winning bidder for the Road Bonds. See “MUNICIPAL BOND INSURANCE.”

RatingAn application has not been made for a municipal bond rating on the Road Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating. See “RATINGS.”

Bond CounselCoats Rose, P.C., Houston, Texas.

Disclosure Counsel.....Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial AdvisorTierra Financial Advisors, LLC, Arlington, Texas (“Tierra”). Tierra is a wholly-owned subsidiary of D.R. Horton Inc., the primary developer of land in the District. See “RELATIONSHIP AMONG THE PARTIES” herein.

District Engineer.....LJA Engineering, Inc., Houston, Texas.

THE DISTRICT

The IssuerThe District was created by order of the Texas Commission on Environmental Quality dated March 16, 2006. The District contains approximately 382.1 acres. See “THE DISTRICT – General.”

Location.....The District is within the County, approximately 30 miles west of the downtown of the City of Houston, Texas. The District is approximately 12 miles south of the intersection of Interstate 10 and FM 1463, and approximately 6 miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east and Texas Heritage Parkway to the west, which provide direct access for residents. The District is located entirely within Fort Bend County, Texas, the extraterritorial jurisdiction of the City, and the boundaries of Lamar Consolidated Independent School District. See “THE DISTRICT.”

Developer and Principal Landowners.....The developer and principal landowner within the District is D.R. Horton – Texas, Ltd., a Texas Limited partnership, which is controlled by D.R. Horton, Inc., a Delaware corporation, a publicly traded corporation (collectively referred to herein as “D.R. Horton” or the “Developer”). As of April 1, 2026, D.R. Horton did not own any homes or lots but does own all of the remaining undeveloped land within the District. See “DEVELOPER AND PRINCIPAL LANDOWNERS.”

Development within the District.....Approximately 379.4 acres (977 lots) within the District have been developed as the single-family residential subdivisions of Tamarron, Sections 40-42, 45A, 45B, 48, 52, 55, 71 & 73. As of April 1, 2026, the District consisted of 944 complete and occupied homes; 33 vacant developed lots; no lots under development; and the Developer did not own any complete and unoccupied homes, or any homes under construction or design. In addition, the District contains zero undeveloped but developable acres and approximately 81.3 undevelopable acres. See “DEVELOPMENT WITHIN THE DISTRICT.”

Homebuilders Within the District.....The Homebuilder active within the District is D.R. Horton. Prices of new homes being constructed within the District range from approximately \$330,000 to over \$375,000. Square footage of new homes being constructed within the District range from approximately 1,622 square feet to over 2,200 square feet. See “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders Active Within the District.”

INVESTMENT CONSIDERATIONS

THE ROAD BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING THEIR INVESTMENT DECISION.

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Assessed Valuation	\$ 286,342,435 ^(a)
Estimated Assessed Valuation as of March 1, 2026.....	\$ 310,102,655 ^(b)
Direct Debt:	
The Outstanding Bonds (as of April 1, 2026)	\$ 29,650,000
The Road Bonds.....	\$ 5,000,000
Total.....	<u>\$ 34,650,000</u>
Estimated Overlapping Debt.....	<u>\$ 35,263,145 ^(c)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 69,913,145 ^(c)</u>
Direct Debt Ratio:	
As a percentage of 2025 Assessed Valuation.....	12.10 %
As a percentage of Estimated Assessed Valuation as of March 1, 2026.....	11.17 %
Direct and Estimated Overlapping Debt Ratio:	
As a percentage of 2025 Assessed Valuation.....	24.42 %
As a percentage of Estimated Assessed Valuation as of March 1, 2026.....	22.55 %
Utility System Debt Service Fund (as of April 13, 2026)	\$ 2,460,863 ^(d)
Road System Debt Service Fund (as of April 13, 2026)	\$ 492,386 ^(e)
Utility System Capital Projects Fund (as of April 13, 2026).....	\$ 6,596,936
Road System Capital Projects Fund (as of April 13, 2026).....	\$ 17,141
Operating Fund (as of April 13, 2026).....	<u>\$ 2,295,878</u>
2025 Tax Rate:	
Utility System Debt Service.....	\$ 0.61
Road System Debt Service.....	\$ 0.12
Maintenance and Operations.....	\$ 0.44
Total.....	<u>\$ 1.17</u>
Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Road Bonds (2026 - 2051)	\$ 2,267,123 ^(f)
Estimated Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Road Bonds (2048).....	\$ 2,582,713 ^(f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Road Bonds (2026 - 2051):	
Based on 2025 Assessed Valuation at 95% Collections	\$ 0.84
Based on Estimated Assessed Valuation as of March 1, 2026, at 95% Collections.....	\$ 0.77
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Road Bonds (2048):	
Based on 2025 Assessed Valuation at 95% Collections	\$ 0.95
Based on Estimated Assessed Valuation as of March 1, 2026, at 95% Collections.....	\$ 0.88

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of March 1, 2026 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2025 to March 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The Funds on deposit in the Utility System Debt Service Fund are pledged only to pay the debt service on the Utility Bonds and any other bonds issued for the purpose of acquiring or constructing the Utility System. The Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.
- (e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The Funds on deposit in the Road System Debt Service Fund are pledged only to pay the debt service on the Road Bonds and any other bonds issued for the purpose of acquiring or constructing the Road System. The Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System. Upon the issuance of the Road Bonds, one year of capitalized interest will be deposited into the Road System Debt Service Fund.
- (f) Debt Service on the Road Bonds is estimated at an average interest rate of 5.00%. See "DISTRICT DEBT – Estimated Utility System Debt Service Requirement Schedule."

\$5,000,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 188
UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 188 (the “District”) of its \$5,000,000 Unlimited Tax Road Bonds, Series 2026 (the “Road Bonds”).

The Road Bonds are issued and sold to the initial purchaser of the Road Bonds (the “Initial Purchaser”) pursuant to Chapter 8470 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the order of the Board authorizing the issuance of the Road Bonds (the “Road Bond Order”); an election held on November 2, 2021; and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Road Bond Order.

Included in this Official Statement are descriptions of the Road Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 or during the offering period from the District’s Financial Advisor, Tierra Financial Advisors, LLC, Attn: Chris Prugar, 6744 Horton Vista Drive, Richmond, Texas 77407 upon payment of reasonable copying, mailing and handling charges.

THE ROAD BONDS

General

The Road Bonds are dated July 1, 2026 (the “Dated Date”), and will accrue interest from the date of delivery, which is expected to be on or about July 15, 2026 (the “Date of Delivery”), with interest payable January 1, 2027, and on each July 1 and January 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Road Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners (“Registered Owners”) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the “Record Date”). The Road Bonds will be issued in fully registered form only, without coupons, in principal denomination of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York (“DTC”), acting as securities depository for the Road Bonds until DTC resigns or is discharged. The Road Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Road Bonds, principal of and interest on the Road Bonds will be payable to DTC, which will be solely responsible for making such payment to the beneficial owners of the Road Bonds. The initial paying agent for the Road Bonds is Regions Bank, an Alabama state banking corporation, in Houston, Texas (the “Paying Agent/Registrar”).

Redemption Provisions

The Road Bonds maturing on and after July 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 July 1, 2032, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than thirty (30) days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice

given to the registered owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Road Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Road Bonds of the same maturity for the unredeemed portion of the principal of the Road Bonds so surrendered. In the event of redemption of less than all of the Road Bonds, the particular Road Bonds to be redeemed shall be selected by the District; if less than all of the Road Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Road Bonds of such maturity to be redeemed by lot.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Road Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Road Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner of the Road Bonds (the "Bondholder(s)"). The Road Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Road Bonds of the same maturity in authorized denominations. To the extent possible, new Road Bonds issued in exchange or transfer of Road Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Road Bonds. New Road Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Utility Bond or Road Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Record Date for Interest Payment

Interest on the Road Bonds will be paid to the registered owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each Interest Payment Date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Road Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Mutilated, Lost, Stolen or Destroyed Road Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Road Bonds upon surrender of the mutilated Road 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.

Replacement of Paying Agent/Registrar

Provision is made in the Road Bond Order for replacement of the Paying Agent/Registrar by the District. 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 for the Road Bonds.

Source of Payment

While the Road Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Road Bonds as the same becomes due and to pay each installment of the principal of the Road Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Road Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Road Bonds and any parity bonds hereinafter issued. The Road Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, Texas (the "County"), the City of Fulshear, Texas (the "City"), or any other political subdivision or any entity other than the District.

Outstanding Bonds

The District previously issued its \$15,000,000 Unlimited Tax Utility Bonds, Series 2025, of which \$15,000,000 remains outstanding as of April 1, 2026 (the "2025 Outstanding Utility Bonds"), its \$9,750,000 Unlimited Tax Utility Bonds, Series 2024, of which \$9,750,000 principal amount remains outstanding as of April 1, 2026 (the "2024 Outstanding Utility Bonds") and its \$5,000,000 Unlimited Tax Road Bonds, Series 2023 of which \$4,900,000 principal amount remains outstanding as of April 1, 2026 (the "2023 Outstanding Road Bonds" and together with the 2024 Outstanding Utility Bonds and the 2025 Outstanding Utility Bonds, the "Outstanding Bonds").

Payment Record

The Road Bonds represent the fourth series of bonds issued by the District and the second issuance of bonds for the purpose of acquiring or constructing road infrastructure to serve the District (the "Road System"). The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Authority for Issuance

The District's voters have authorized the District's issuance of \$205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and \$102,500,000 in principal amount of unlimited tax bonds for refunding such bonds; \$95,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and \$47,500,000 in principal amount of unlimited tax bonds for refunding such bonds; and \$35,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District (the "Park System") and \$17,500,000 in principal amount of unlimited tax bonds for refunding such bonds.

Following the issuance of the Road Bonds, \$180,250,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System to serve the District and \$102,500,000 in principal amount of unlimited tax bonds for refunding such bonds; \$85,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and \$47,500,000 in principal amount of unlimited tax bonds for refunding such bonds; and \$35,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing the Park System and \$17,500,000 in principal amount of unlimited tax bonds for refunding such bonds, will remain authorized and unissued. The Road Bonds, when issued, will constitute legal, valid and binding obligations of the

District, payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. See “THE ROAD BONDS – Source of Payment.”

The Road Bonds are issued pursuant to Chapter 8470 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the Road Bond Order; an election held on November 2, 2021; and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

Issuance of Additional Debt

Voters in the District have authorized a total of \$205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and \$102,500,000 in principal amount of unlimited tax bonds for refunding such bonds; \$95,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and \$47,500,000 in principal amount of unlimited tax bonds for refunding such bonds; and \$35,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing the Park System and \$17,500,000 in principal amount of unlimited tax bonds for refunding such bonds.

Following the issuance of the Road Bonds, the District will owe D.R. Horton – Texas, Ltd., a Texas Limited partnership (“D.R. Horton” or the “Developer”), approximately \$7 million for its expenditures to construct or acquire the Road System and approximately \$20 million for its expenditures to construct or acquire the Utility System, the funds of which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District’s consulting engineer, LJA Engineering, Inc. (the “Engineer”), following the issuance of the Road Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of the Road System to serve the remaining undeveloped land within the District. See “DEVELOPMENT WITHIN THE DISTRICT,” “THE ROAD SYSTEM,” and “INVESTMENT CONSIDERATIONS – Future Debt.”

Bondholders’ Remedies

The Road Bond Order contains a covenant that while any part of the Road Bonds are outstanding, there shall be assessed, levied, and collected an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Road Bonds, the Outstanding Road Bonds, and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Road Bond Order provide that in the event that the District defaults in the payment of the principal of or interest on any of the Road Bonds when due, fails to make debt service payments, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Road Bond Order, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Road Bond Order. Such right is in addition to all other rights the Bondholders may be provided by the laws of the State of Texas.

Except for mandamus, the Road Bond Order does not specifically provide for remedies to a Bondholder in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Road Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders. Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District’s property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Road Bonds. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

Defeasance

The Road Bond Order provides that the District may discharge its obligations to the registered owners of any or all of the Road 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 Road Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Road Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Road Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Road Bonds.

Upon such deposit as described above, such Road 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 Road Bonds have been made as described above, all rights of the District to initiate proceedings to call the Road Bonds for redemption or take any other action amending the terms of the Road Bonds are extinguished; provided, however, that the right to call the Road 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 Road Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Road 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 Road Bonds.

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 un-matured interest coupons attached to them.

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

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

criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Road Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Road Bonds as to the suitability or acceptability of the Road Bonds for investment or collateral purposes.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Road 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 Road Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument ("MMI") Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Road Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Road Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Road Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Road Bond Order will be given only to DTC.

USE AND DISTRIBUTION OF BOND PROCEEDS

A portion of the proceeds of the sale of the Road Bonds will be used to reimburse the Developer for the construction costs set out below. In addition, a portion of the proceeds from the sale of the Road Bonds will be used to pay developer interest and other certain costs associated with the issuance of the Road Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Road Bonds and completion of agreed-upon procedures by the District’s auditor.

<u>Construction Costs</u>	<u>District’s Share</u>
Developer Contribution Items	
1. Paving & Appurtenances to Serve Tamarron Section 45B	\$ 146,664
2. Paving & Appurtenances to Serve Tamarron Section 52 & Tamarron Point Section 3	1,654,260
3. Paving & Appurtenances to Serve Tamarron Section 41	751,335
4. Paving & Appurtenances to Serve Tamarron Section 55	89,165
5. Engineering Fees	407,710
6. Testing Fees	94,086
7. Land Acquisition	370,123
8. Land Carrying Costs	251,532
Total Developer Contribution Items	\$ 3,764,875
Total Construction Costs	\$ 3,764,875
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 110,000
B. Fiscal Agent Fees	50,000
C. Interest Costs	
1. Capitalized Interest (1 year)	250,000
2. Developer Interest	659,749
D. Bonds Discount	100,000
E. Bond Issuance Expense	45,376
F. Bond Application Fees	15,000
G. Attorney General Fee	5,000
Total Non-Construction Costs	\$ 1,235,125
TOTAL BOND ISSUE REQUIREMENT	\$ 5,000,000

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

THE DISTRICT

General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 8470 of the Texas Special District Local Laws Code. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation to those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality (the “TCEQ”).

The District is empowered 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, among other things. The District is also empowered to finance certain road improvements, and park and recreational facilities as long as they meet the County, and City criteria. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities.

Description

The District encompasses approximately 382.1 acres and is located entirely within the County, the extraterritorial jurisdiction (“ETJ”) of the City, and the boundaries of Lamar Consolidated Independent School District (“LCISD”).

Location

The District is within the County, approximately 30 miles west of the downtown of the City of Houston, Texas (“Houston”). The District is approximately 12 miles south of the intersection of Interstate 10 and FM 1463, and approximately 6 miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east and Texas Heritage Parkway to the west, which provide direct access for residents. The District is entirely within the County and the ETJ of the City, and within LCISD.

Management of the District

- Board of Directors -

The District is governed by a board, consisting of five directors (the “Board”), which has control over and management and supervision of all affairs of the District. Directors serve staggered four-year terms, with elections held in May of each even numbered year. All of the directors own property in the District. The present members and officers of the Board listed below:

Name	Position	Term Expires May
Stephanie Hardin	President	2030
Rebecca Kerr	Vice President	2028
Kenrick Piercy	Secretary	2028
Allison Broeder	Assistant Secretary	2030
Bren Oestrike	Assistant Secretary	2030

- Consultants -

Tax Assessor/Collector – The District’s tax assessor/collector is Assessments of the Southwest (the “Tax Assessor/Collector”). Such firm serves as tax assessor/collector for approximately 50 other taxing jurisdictions. The Tax Assessor/Collector applies the District’s tax levy to tax rolls prepared by the Fort Bend Central Appraisal District (the “Appraisal District”) and bills and collects such levy.

Bookkeeper – The District’s bookkeeper is Myrtle Cruz Inc.

System Operator – The District’s current operator is SiEnvironmental.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. McGrath & Co., PLLC audited the financial statements of the District for the fiscal year ended June 30, 2025. See “APPENDIX A.”

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District’s facilities is LJA Engineering, Inc. (the “Engineer”).

Bond Counsel – The District has engaged Coats Rose, P.C., Houston, Texas, as bond counsel (“Bond Counsel”) in connection with the issuance of the Road Bonds. The fees of Bond Counsel are contingent upon the sale and delivery of the Road Bonds. Coats Rose, P.C., Houston, Texas, also serves as the District’s general counsel.

Disclosure Counsel – The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as disclosure counsel (“Disclosure Counsel”) in connection with the issuance of the Road Bonds. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Road Bonds.

Financial Advisor – Tierra Financial Advisors, LLC is engaged as the financial advisor (the “Financial Advisor”) to the District in connection with the issuance of the Road Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Road Bonds is contingent upon the issuance and delivery of the Road Bonds. The Financial Advisor is employed by the District and has participated in the preparation of this Official Statement, however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third-parties. Tierra Financial Advisors, LLC is a wholly owned subsidiary of D.R. Horton. See “RELATIONSHIP AMONG THE PARTIES” herein.

DEVELOPER AND PRINCIPAL LANDOWNERS

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Road Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any affiliate entities, are obligated to pay principal of or interest on the Road Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out

any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Developer and Principal Landowners

The developer/principal Landowner within the District is D.R. Horton-Texas, Ltd., a Texas limited partnership, which is a subsidiary of and controlled by D.R. Horton, Inc. D.R. Horton, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI." Audited financial statements for D.R. Horton, Inc. can be found online at <https://investor.drhorton.com>. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning the Developer is included as part of the consolidated financial statements of D.R. Horton, Inc. However, D.R. Horton, Inc. is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property within the District owned by the Developer, or to pay any other obligations of the District. Further, neither the Developer nor D.R. Horton, Inc. is responsible for, is liable for or has made any commitment for payment of the Road Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor D.R. Horton, Inc. has any legal commitment to the District or owners of the Road Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and D.R. Horton, Inc. is subject to change at any time. Because of the foregoing, financial information concerning the Developer and D.R. Horton, Inc. will neither be updated nor provided following issuance of the Road Bonds, except as described under "CONTINUING DISCLOSURE OF INFORMATION."

As of April 1, 2026, D.R. Horton did not own any homes or lots. All of the remaining undeveloped land within the District is owned by 1003 Franz Investments, serving as a land banker.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Approximately 379.4 acres (977 lots) within the District have been developed as the single-family residential subdivisions of Tamarron, Sections 40-42, 45A, 45B, 48, 52, 55, 71 & 73. As of April 1, 2026, the District consisted of 944 complete and occupied homes; 33 vacant developed lots; no lots under development; and the Developer did not own any complete and unoccupied homes, any homes under construction or design. In addition, the District contains zero undeveloped but developable acres and approximately 81.3 undevelopable acres.

Homebuilders Active Within the District

The Homebuilder active within the District is D.R. Horton. Prices of new homes being constructed within the District range from approximately \$330,000 to over \$375,000. Square footage of new homes being constructed within the District range from approximately 1,622 square feet to over 2,200 square feet.

There were 300 homes sold in 2022, 336 homes sold in 2023, 220 homes sold in 2024, and 88 homes sold in 2025. All lots are fully sold with the anticipation of 33 lots to be sold in 2026.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(MARCH 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(MARCH 2025)

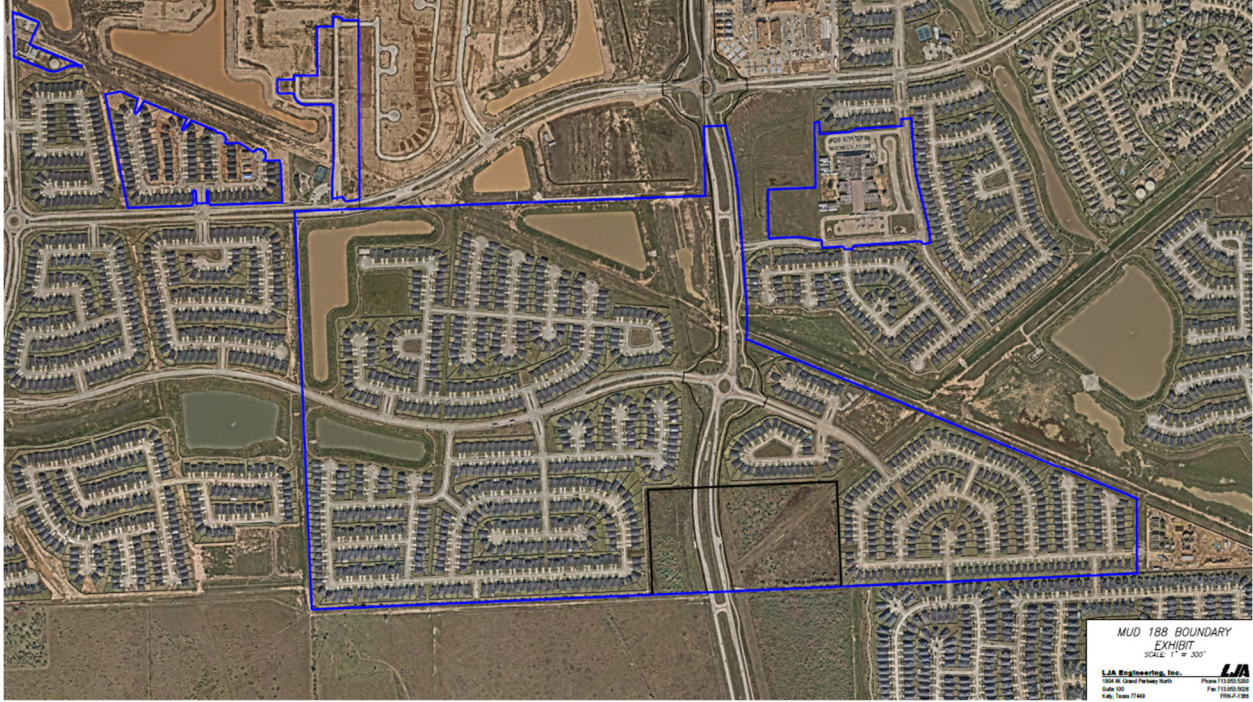


PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(MARCH 2025)



AERIAL PHOTOGRAPH OF THE DISTRICT

(MAY 2025)



TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Road Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Road Bond Order to assess and levy for each year that all or any part of the Road Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Road Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed \$1.50 per \$100 of assessed valuation for operation and maintenance purposes. For 2025, the Board levied a maintenance and operation tax of \$0.44 per \$100 of assessed valuation, a Utility System debt service tax of \$0.61 per \$100 of assessed valuation and a Road System debt service tax of \$0.12 per \$100 of assessed valuation.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
System Maintenance:	\$1.50 per \$100 of Assessed Valuation.
Road System Maintenance:	\$1.50 per \$100 of Assessed Valuation.
Parks and Recreational Maintenance:	\$0.10 per \$100 of Assessed Valuation.

Debt Service Tax

The Board covenants in the Road Bond Order to levy and assess, for each year that all or any part of the Road Bonds remain outstanding and unpaid, taxes adequate to provide funds to pay the principal of and interest on the Road Bonds. For 2025, the Board levied a Road System debt service tax of \$0.12 per \$100 of assessed valuation and a Utility System debt service tax of \$0.61 per \$100 of assessed valuation.

Maintenance and Operations Tax

Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. On November 2, 2021, the Board was authorized to levy such a maintenance and operations tax for water, sanitary sewer drainage and storm sewer facilities in an amount not to exceed \$1.50 per \$100 of assessed valuation. For the 2025 tax year, the District levied a tax rate of \$0.44 per \$100 of assessed valuation for maintenance and operations purposes. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonded indebtedness.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES," certain property within the District may be exempt from taxation by the District. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of 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 Tax Code.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2021–2025 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Year Ended 09/30	Collections 09/30
2021	\$ 446,438	\$ 1.27	\$ 5,670	100.00%	2022	100.00%
2022	23,348,327	1.17	273,175	100.00%	2023	100.00%
2023	154,002,081	1.17	1,801,824	99.74%	2024	99.74%
2024	268,915,918	1.17	3,146,316	99.49%	2025	99.49%
2025	286,342,435	1.17	3,350,206	97.21%(a)	2026	97.21%(a)

(a) As of April 30, 2026.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Utility System Debt Service	\$ 0.610	\$ 0.300	\$ -	\$ -	\$ -
Road System Debt Service	0.120	0.150	0.170	-	-
Maintenance and Operations	0.440	0.720	1.000	1.170	1.270
Total	\$ 1.170	\$ 1.170	\$ 1.170	\$ 1.170	\$ 1.270

Analysis of Tax Base

The following table illustrates the District’s total assessed value in the tax years 2021–2025 by type of property.

Type of Property	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation
Land	\$ 65,532,196	\$ 61,686,461	\$ 45,587,093	\$ 24,197,907	\$ 7,533,568
Improvements	257,400,732	245,954,808	140,243,506	27,109,399	-
Personal Property	414,578	257,732	614,466	479,910	-
Exemptions	<u>(37,005,071)</u>	<u>(38,983,083)</u>	<u>(32,442,984)</u>	<u>(28,438,889)</u>	<u>(7,087,130)</u>
Total	\$ 286,342,435	\$ 268,915,918	\$ 154,002,081	\$ 23,348,327	\$ 446,438

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2025:

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	% of Total
SMC Tamarron LLC	Lots / Houses / Inv.	\$ 61,887,520	21.61%
D R Horton-Texas LTD ^(a)	Land / Vacant	1,934,008	0.68%
Texas Uprise Properties LP	Single-Family	935,491	0.33%
Nice City Homes Investment	Single-Family	751,800	0.26%
Trebol Investments LLC	Single-Family	627,443	0.22%
Individual	Single-Family	419,426	0.15%
Individual	Single-Family	417,944	0.15%
Individual	Single-Family	416,045	0.15%
Individual	Single-Family	412,707	0.14%
Individual	Single-Family	411,435	0.14%
Total		<u>\$ 68,213,819</u>	<u>23.82%</u>

(a) See “DEVELOPER AND PRINCIPAL LANDOWNER.”

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 assessed valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2025 Assessed Valuation (\$286,342,435) or the Estimated Assessed Valuation as of March 1, 2026 (\$310,102,655). The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District except the Road Bonds:

Road System and Utility System Average Annual Debt Service Requirements (2026–2051)....	\$	2,267,123
Tax Rate of \$0.84 on the 2025 Assessed Valuation produces	\$	2,285,013
Tax Rate of \$0.77 of the Estimated Assessed Valuation as of March 1, 2026 produces.....	\$	2,268,401
Road System and Utility System Maximum Debt Service Requirement (2048)	\$	2,582,713
Tax Rate of \$0.95 on the 2025 Assessed Valuation produces	\$	2,584,240
Tax Rate of \$0.88 of the Estimated Assessed Valuation as of March 1, 2026 produces.....	\$	2,592,458

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2025 taxes levied by such jurisdictions per \$100 of assessed valuation. The table below does not include any future debt service tax rate that may be levied as a result of the issuance of the Road Bonds (see “TAX DATA – Debt Service Tax”). Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

<u>Taxing Jurisdiction</u>	<u>2025 Tax Rate Per \$100 of Assessed Value</u>
The District	\$ 1.170000
Fort Bend County	0.412000
Fort Bend County Drainage District	0.010000
Fort Bend County ESD No. 4	0.096628
Lamar Consolidated Independent School District	1.146900
Total 2025 Tax Rate	\$ 2.835528

RELATIONSHIP AMONG THE PARTIES

Tierra Financial Advisors, LLC, serves as financial advisor to the District (the “Financial Advisor”) and is a wholly owned subsidiary of D.R. Horton Inc. (“D.R. Horton”), the primary developer of land in the District. As of January 1, 2025, D.R. Horton owned approximately 0.68% of the of the total taxable assessed value of property in the District. See “DEVELOPMENT OF THE DISTRICT,” “PRINCIPAL LANDOWNER/DEVELOPER” and “TAX DATA – Principal Taxpayers.” A portion of the proceeds of the Road Bonds will be used to reimburse D.R. Horton for expenditures incurred in connection with the development of infrastructure in the District. See “THE ROAD BONDS – Use and Distribution of Bond Proceeds.” No employees of D.R. Horton are members of the Board of the District, and the Financial Advisor is subject to federal laws and regulations that require it to disclose, manage and mitigate conflicts of interest consistent with its fiduciary duties to the District.

INVESTMENT CONSIDERATIONS

General

The Road Bonds, which are obligations of the District and are not obligations of the State of Texas; the County, the City, or any other political subdivision, will be secured by a continuing direct annual ad valorem property tax, without legal limitation as to rate or amount, on all taxable property located within the District. (See “THE ROAD BONDS – Source of Payment”). The ultimate security for payment of principal of and interest on the Road 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. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the County. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. The economy of the County, and the southeast Texas regional area is largely dependent on the petrochemical industry. Recent decreases in the price of oil and related products have the potential to negatively affect the economy of the County, and the southeast Texas region and likewise negatively affect housing prices, assessed valuations and continued development in southeast Texas, the County, and the District. The District can make no prediction on what effect current or future oil prices may have on housing prices, assessed valuations and continued development in southeast Texas, the County, or the District. See “DEVELOPMENT WITHIN THE DISTRICT.”

Location and Access: The District is located in north Fort Bend County, Texas, approximately 30 miles west of the downtown of the City of Houston, Texas. The District is approximately three miles south of the intersection of Interstate 10 and FM 1463 and approximately five miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east and Texas Heritage Parkway to the west, which provides direct access for residents. All of the property is within LCISD and lies within the ETJ of the City. See “THE DISTRICT.”

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to the City of Houston, Texas that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developer or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Developer Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer’s right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any

plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer (see “TAX DATA – Principal Taxpayers”) for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer will be or what effect, if any, such conditions may have on its ability to pay taxes. See “DEVELOPER AND PRINCIPAL LANDOWNERS,” and “DEVELOPMENT WITHIN THE DISTRICT.”

Maximum Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2025 Assessed Valuation of property located within the District is \$286,342,435 and the Estimated Assessed Valuation as of March 1, 2026 is \$310,102,655. See “TAX DATA.”

After issuance of the Road Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Road Bonds is estimated to be \$2,582,713 (2048) and the average annual debt service requirement on the Outstanding Bonds and the Road Bonds estimated to be \$2,267,123 (2026-2051). Assuming no decrease to the 2025 Assessed Valuation, tax rates of \$0.95 and \$0.84 per \$100 of assessed valuation at 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no decrease from the Estimated Assessed Valuation as of March 1, 2026, tax rates of \$0.88 and \$0.77 per \$100 of assessed valuation at 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively.

Limitation to Bondholders’ Remedies

In the event of default in the payment of principal of or interest on the Road Bonds, Bondholders have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Road Bond Order does not provide for remedies to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Road Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether, § 49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Bondholders could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District’s property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Road Bonds. Since there is no trust indenture or trustee, the Bondholders would have to initiate and finance the legal process to enforce their remedies.

Bankruptcy Limitation to Bondholders’ Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired 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. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could,

among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

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 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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

On May 25, 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.

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District’s tax rates.

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

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

Potential Effects of Oil Price Volatility on the Houston Area

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

Marketability

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

Continuing Compliance with Certain Covenants

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

Future Debt

Following the issuance of the Road Bonds, \$180,250,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System to serve the District and \$102,500,000 in principal amount of

unlimited tax bonds for refunding such bonds; \$85,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and \$47,500,000 in principal amount of unlimited tax bonds for refunding such bonds; and \$35,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District and \$17,500,000 in principal amount of unlimited tax bonds for refunding such bonds, will remain authorized and unissued. The District also has the right to issue certain other additional bonds and other obligations, as described in the Road Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Road Bonds.

Following the issuance of the Road Bonds, the District will owe the D.R. Horton – Texas, Ltd., a Texas limited partnership (“D.R. Horton” of the “Developer”), approximately \$7 million for its expenditures to construct or acquire the Utility System and approximately \$20 million for its expenditures to construct or acquire the Road System, the funds of which were advanced by the Developer. See “THE SYSTEM” and “DEVELOPMENT WITHIN THE DISTRICT.”

Approval of the Road Bonds

The Attorney General of Texas must approve the legality of the Road Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Road Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Consolidation

Under Texas Law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District’s ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court’s stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer’s right to redeem the property. 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. See “TAXING PROCEDURES.”

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the schedule payments of principal and interest on the Road Bonds. **The purchase of such Municipal Bond Guaranty Insurance on the Road Bonds by the Initial Purchaser is mandatory**, and will be at the expense of the Initial Purchaser, if an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the provider of the Policy (the “Bond Insurer”) at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Legislature may enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Road Bonds. On June 23, 2025, the Governor called a special session which began on July 21, 2025, and ended on August 15, 2025. No legislation was passed during the first special session. The Governor immediately called a second special session which began on August 15, 2025, and concluded on September 4, 2025. No legislation affecting property taxes was passed during the second special session, and no third special session has been called at this time. The District can make no representations or predictions regarding any actions the Texas Legislature may take or the effect of any such actions.

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THE SYSTEM

General

The water, wastewater, and drainage facilities, the purchase, acquisition, and construction of which have been financed by the District with the proceeds of the Road Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Water Supply and Distribution -

As outlined in the Joint Water Plant Agreement with Fort Bend County MUD No. 182 (“FBC MUD 182”), the District currently owns, operates, and supplies all water service from Water Plant No. 1. Water Plant No. 1 currently consists of an onsite well with a capacity of 400 gallons per minute (gpm), two (2) remote wells with capacities of 1,200 gpm and 1,300 gpm, a 20,000-gallon and two (2) 30,000-gallon hydro-pneumatic tanks, two (2) 750,000-gallon ground storage tanks, and 5,500 gpm in booster pump capacity. In addition, the District owns two (2) remote wells with capacities of 1,200 gpm and 1,300 gpm that supply groundwater to Water Plant No. 1. FBC MUD 182 owns an equitable interest in 100% of the capacity in these facilities under the Joint Water Plant Agreement; however, the District has leased capacity from FBC MUD 182 sufficient to serve 600 equivalent single-family connections (“ESFCs”) pursuant to an Interim Water Supply Agreement. The District expects Water Plan No.2 Phase 1, which includes 1,500 ESFCs of capacity to serve the District, will be complete in September 2026.

The District is within the boundaries of the Fort Bend Subsidence District (“FBSD”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the FBSD. On September 24, 2003, the FBSD issued a Direct Regulatory Plan (the “Plan”) to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the FBSD’s jurisdiction. Under the Plan, the District was required to have a groundwater reduction plan (“GRP”) approved by the FBSD by the beginning date of the District’s permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 70% of the District’s total water demand. Additional disincentive fees would be imposed under the Plan if the District’s withdrawal exceeds 70% of the total water demand beginning in January 2013, and if it exceeds 40% of the total water demand beginning in January 2025.

- Wastewater Treatment and Conveyance System -

Pursuant to the District’s wastewater treatment plant (“WWTP”) Permit (No. WQ0014758001), and the Joint Wastewater Treatment Agreement with FBC MUD 182, the District currently operates a leased 900,000 gpd WWTP of which FBC MUD 182 owns an equitable interest in 100% of the capacity. The District currently leases capacity from FBC MUD 182 which is sufficient to serve all active connections within the District, but only to the extent that there is excess capacity beyond the needs of FBC MUD 182. Currently, flow at the wastewater treatment plant is approximately 493,200 gpd, which is 54.8% of the WWTP’s average daily capacity. The 5th expansion phase of the FBC MUD 182 Wastewater treatment plant, which includes 1,387 ESFCs necessary to serve the District, is currently under construction and is expected to be completed in September 2026.

- Drainage -

Stormwater drainage from the District discharges into a series of detention ponds through a storm sewer system. The detention ponds outfall to Flewellen Creek.

- Roads -

The roads within the District vary in width in accordance with standards adopted by the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

Subsidence and Conversion to Surface Water Supply

In 2005, the Texas legislature created the North Fort Bend Water Authority (the “Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of the County (including the District), and a small portion of Harris County, Texas. The Authority has entered into a Water Supply Contract with Houston to obtain treated surface water from Houston. The Authority has developed a GRP and obtained FBSD approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with FBSD regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority’s GRP.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees imposed on the District for groundwater pumped by the District), user fees, rates, charges, and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, \$4.55 per 1,000 gallons based on the amount of groundwater pumped. It is expected that the Authority will issue a substantial amount of bonds by the year 2025 to finance the Authority’s project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the FBSD District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority’s GRP, beginning January 2013; and (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority’s GRP, beginning January 2030. If the Authority fails to comply with the above FBSD regulations, the Authority is subject to a substantial disincentive fee penalty of \$6.50 per 1,000 gallons (“Disincentive Fees”) imposed by the FBSD for any groundwater withdrawn in excess of 40% of the total water demand in the Authority’s GRP. In the event of such Authority failure to comply, the FBSD may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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Historical Operations of the System

The following statement sets forth in condensed form the results of operation of the Utility System. The statements for the fiscal years ended June 30, 2022 through 2025 are audited. The period of July 1, 2025 to March 31, 2026, is an unaudited summary below prepared by the Bookkeeper for inclusion herein based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended June 30				
	07/01/2025 to 03/31/2026 (a)	2025	2024	2023	2022
REVENUES					
Water Service	\$ 350,201	\$ 223,190	\$ 245,727	\$ 164,073	\$ 46,068
Sewer Service	342,270	376,132	332,765	214,027	45,076
Property Taxes	1,247,190	1,843,876	1,600,435	253,909	5,670
Penalties and Interest	30,960	27,373	40,820	31,775	1,476
Regional Water Authority Fees	489,790	506,164	568,892	291,797	73,047
Tap Connection and Inspection Fees	190,887	100,425	47,852	929,147	838,125
Miscellaneous	-	30,255	36,949	39,745	15,170
Investment Earnings	53,464	50,536	22,966	6,763	138
TOTAL REVENUES	\$ 2,704,762	\$ 3,157,951	\$ 2,896,406	\$ 1,931,236	\$ 1,024,770
EXPENDITURES:					
Purchased Services	\$ 620,370	\$ 961,266	\$ 970,299	\$ 607,736	\$ 55,173
Professional Fees	115,443	204,994	203,748	80,545	44,160
Contracted Services	651,297	305,858	336,386	640,630	428,525
Repairs and Maintenance	836,108	756,496	968,336	558,383	104,730
Utilities	36,207	6,742	-	-	-
Administrative	65,286	54,943	63,309	4,583	23,718
Other	1,661	875	11,664	49,567	-
TOTAL EXPENDITURES	\$ 2,326,372	\$ 2,291,174	\$ 2,553,742	\$ 1,941,444	\$ 656,306
Revenues Over (Under) Expenditures	\$ 378,390	\$ 866,777	\$ 342,664	\$ (10,208)	\$ 368,464
OTHER FINANCING SOURCES (USES)					
Developer Advances	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ 35,000
NET CHANGE IN FUND BALANCE	\$ 378,390	\$ 866,777	\$ 342,664	\$ (10,208)	\$ 403,464
Beginning Fund Balance	\$ 1,593,625	\$ 726,848	\$ 384,184	\$ 394,392	\$ (9,072)
Ending Fund Balance	\$ 1,972,015	\$ 1,593,625	\$ 726,848	\$ 384,184	\$ 394,392

(a) Unaudited, provided by the District's bookkeeper.

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DISTRICT DEBT

2025 Assessed Valuation	\$	286,342,435 ^(a)
Estimated Assessed Valuation as of March 1, 2026.....	\$	310,102,655 ^(b)
Direct Debt:		
The Outstanding Bonds (as of April 1, 2026)	\$	29,650,000
The Road Bonds.....	\$	5,000,000
Total	\$	34,650,000
Estimated Overlapping Debt	\$	35,263,145 ^(c)
Total Direct and Estimated Overlapping Debt	\$	69,913,145 ^(c)
Direct Debt Ratio:		
As a percentage of 2025 Assessed Valuation.....		12.10 %
As a percentage of Estimated Assessed Valuation as of March 1, 2026		11.17 %
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2025 Assessed Valuation.....		24.42 %
As a percentage of Estimated Assessed Valuation as of March 1, 2026		22.55 %
Utility System Debt Service Fund (as of April 13, 2026)	\$	2,460,863 ^(d)
Road System Debt Service Fund (as of April 13, 2026)	\$	492,386 ^(e)
Utility System Capital Projects Fund (as of April 13, 2026).....	\$	6,596,936
Road System Capital Projects Fund (as of April 13, 2026).....	\$	17,141
Operating Fund (as of April 13, 2026).....	\$	2,295,878
2025 Tax Rate:		
Utility System Debt Service.....	\$	0.61
Road System Debt Service.....	\$	0.12
Maintenance and Operations.....	\$	0.44
Total.....	\$	1.17
Estimated Average Annual Debt Service Requirements on the Outstanding Bonds and the Road Bonds (2026 - 2051)	\$	2,267,123 ^(f)
Estimated Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Road Bonds (2048).....	\$	2,582,713 ^(f)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Road Bonds (2026 - 2051):		
Based on 2025 Assessed Valuation at 95% Collections	\$	0.84
Based on Estimated Assessed Valuation as of March 1, 2026, at 95% Collections.....	\$	0.77
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Road Bonds (2048):		
Based on 2025 Assessed Valuation at 95% Collections	\$	0.95
Based on Estimated Assessed Valuation as of March 1, 2026, at 95% Collections.....	\$	0.88

- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of March 1, 2026 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2025 to March 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The Funds on deposit in the Utility System Debt Service Fund are pledged only to pay the debt service on the Utility Bonds and any other bonds issued for the purpose of acquiring or constructing the Utility System. The Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.
- (e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The Funds on deposit in the Road System Debt Service Fund are pledged only to pay the debt service on the Road Bonds and any other bonds issued for the purpose of acquiring or constructing the Road System. The Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System. Upon the issuance of the Road Bonds, one year of capitalized interest will be deposited into the Road System Debt Service Fund.
- (f) Debt Service on the Road Bonds is estimated at an average interest rate of 5.00%. See "DISTRICT DEBT – Estimated Utility System Debt Service Requirement Schedule."

Pro Forma Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and estimated interest requirements on the Road Bonds, assuming an interest rate of 5.00%.

Plus: The Road Bonds					
Calendar Year	Outstanding Bond Debt Service (a)	Principal	Interest	Debt Service	Total Debt Service
2026	\$ 1,016,409	\$ -	\$ -	\$ -	\$ 1,016,409
2027	2,073,406	-	229,167	229,167	2,302,573
2028	2,065,900	110,000	250,000	360,000	2,425,900
2029	2,061,106	120,000	244,500	364,500	2,425,606
2030	2,048,694	125,000	238,500	363,500	2,412,194
2031	2,043,994	130,000	232,250	362,250	2,406,244
2032	2,036,350	135,000	225,750	360,750	2,397,100
2033	2,028,450	145,000	219,000	364,000	2,392,450
2034	2,032,150	150,000	211,750	361,750	2,393,900
2035	2,040,919	160,000	204,250	364,250	2,405,169
2036	2,050,513	165,000	196,250	361,250	2,411,763
2037	2,062,200	175,000	188,000	363,000	2,425,200
2038	2,066,188	185,000	179,250	364,250	2,430,438
2039	2,083,156	190,000	170,000	360,000	2,443,156
2040	2,096,531	200,000	160,500	360,500	2,457,031
2041	2,112,438	210,000	150,500	360,500	2,472,938
2042	2,124,963	220,000	140,000	360,000	2,484,963
2043	2,133,538	235,000	129,000	364,000	2,497,538
2044	2,158,700	245,000	117,250	362,250	2,520,950
2045	2,164,575	255,000	105,000	360,000	2,524,575
2046	2,181,825	270,000	92,250	362,250	2,544,075
2047	2,199,788	285,000	78,750	363,750	2,563,538
2048	2,218,213	300,000	64,500	364,500	2,582,713
2049	1,841,888	315,000	49,500	364,500	2,206,388
2050	1,076,400	330,000	33,750	363,750	1,440,150
2051	-	345,000	17,250	362,250	362,250
Total	\$ 50,018,291	\$ 5,000,000	\$ 3,926,917	\$ 8,926,917	\$ 58,945,207

(a) Outstanding debt service as of April 1, 2026.

Estimated Combined Average Annual Debt Service Requirement (2026–2051)	\$ 2,267,123
Estimated Combined Maximum Annual Debt Service Requirement (2048)	\$ 2,582,713

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Estimated Direct and Overlapping Debt Statement

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

	Outstanding Debt 4/1/2026	Overlapping	
		Percent	Amount
Fort Bend County	\$ 997,120,706	0.22%	\$ 2,204,923
Fort Bend County Drainage District	20,585,000	0.22%	45,837
Lamar Consolidated Independent School District	3,555,130,000	0.93%	33,012,384
Total Estimated Overlapping Debt			35,263,145
The District (a)			\$ 34,650,000
Total Direct and Estimated Overlapping Debt (a)			\$ 69,913,145

(a) Includes the Road Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Road 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 Road Bond Order to levy such a tax from year-to-year as described more fully herein under “THE ROAD BONDS – Source of Payment.” Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See “TAX DATA – Tax Rate Limitation.”

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 Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of 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 the responsibility for reviewing and equalizing the values established by its appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within the 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”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. For the 2025 tax year, the District did not grant such a residential homestead exemption to persons 65 years of age or older and to certain other disabled persons. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of one hundred percent (100%) is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action 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 entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. 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 District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2016 and prior applicable years, as personal property

acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2016 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property 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 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 Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Valuation of Property for Taxation

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

The Property Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property within the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and within an area declared to be a disaster area by the Governor. 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.

Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5.32 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Boards by filing a timely petition of review in State district court. In such event, the value of the property in

question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's maintenance and operations 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 or the President (herein defined), 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 maintenance and operations tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

For the 2025 tax year, the District designated itself as a Developing District. For future years, a determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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, including such taxes for a period of three (3) years to five (5) years for agricultural use, timberland, or open space land prior to the loss of the designation. As of January 1, 2026, approximately zero acres within the District were designated for agricultural use, open space or timberland.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

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 "TAX DATA – Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceeding which restrict the collection of taxpayer debts. See “INVESTMENT CONSIDERATIONS – General” and “INVESTMENT CONSIDERATIONS – Tax Collection Limitations.”

LEGAL MATTERS

Legal Opinions

Issuance of the Road Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Road Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Road Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Road Bonds, the Road 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 legal opinion will further state that the interest on the Road Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under “TAX MATTERS.” The legal opinion of Bond Counsel will be printed on the Road Bonds, if certificated Road Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Road Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Road Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Road Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of

applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the “Code”)) and (2) the Road Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Road Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District’s federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Road Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Road Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Road Bonds in order for interest on the Road Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Road Bonds to be included in gross income retroactively to the date of issuance of the Road Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Road Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Road Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Road Bonds or the property financed or refinanced with proceeds of the Road Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Road Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Road Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Road Bonds is not equal to the accrual period or be in excess of one year (the “Original Issue Discount Road Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Road Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Road Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Road Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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 ROAD BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Road Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Road Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Qualified Tax-Exempt Obligations

The Road Bonds will be designated as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data relative to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT – General,” “TAX DATA,” and “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.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within a six (6)-month period. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six (6)-month period and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Road Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Road Bonds, or other events affecting the tax-exempt status of the Road Bonds; (7) modifications to rights of beneficial owners of the Road Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Road Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of SEC 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, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person 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 Road Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Road Bonds nor the Road Bond Order make any provision for debt service reserves or liquidity enhancement. 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 Municipal Securities Rulemaking Board consistent with the Rule.

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Road 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Road Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Road Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of such Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Road Bonds in the primary offering of the Road Bonds.

Compliance with Prior Undertakings

The District entered into its first continuing disclosure agreement pursuant to SEC Rule 15c2-12 in connection with its first bond issue in 2023. The District has complied in all material respects with its continuing disclosure agreement made in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: “THE DISTRICT” and “THE SYSTEM,” “DEVELOPER AND PRINCIPAL LANDOWNERS,” “DEVELOPMENT WITHIN THE DISTRICT” – the Developer, “TAX DATA,” “THE ROAD BONDS,” “CONTINUING DISCLOSURE OF INFORMATION,” “TAXING PROCEDURES,” “LEGAL MATTERS,” and “TAX MATTERS.”

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

The 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 the Engineer, and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor/Collector and Appraisal District: The information contained in this Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property within the District and, in particular such information contained in the sections captioned “TAX DATA” has been provided by Assessments of the Southwest, Inc. and the Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of this 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 Purchasers, of any adverse event which causes this Official Statement to be materially misleading, and unless the Initial Purchasers elects to terminate its obligation to purchase the Road Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to this Official Statement satisfactory to the Initial Purchasers; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Road Bonds to the Initial Purchasers, unless the Initial Purchasers notifies the District on or before such date that less than all of the Road Bonds have been sold to ultimate customers, in which case the District’s obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Road Bonds) until all of the Road Bonds have been sold to ultimate customers.

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CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 188 as of the date shown on the first page hereof.

/s/ _____
President, Board of Directors
Fort Bend County Municipal Utility District No. 188

ATTEST:

/s/ _____
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 188

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 188**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2025

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McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 188
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 188 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 188, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Fort Bend County Municipal Utility District No. 188
Fort Bend County, Texas***

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

Supplementary Information

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

McGlothlin & Co, P.C.

Houston, Texas
October 13, 2025

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Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025***

Using this Annual Report

This section of the financial report of Fort Bend County Municipal Utility District No. 188 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

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

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

Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025

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

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

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

Financial Analysis of the District as a Whole

The District's net position at June 30, 2025, was negative \$15,273,645. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of June 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 14,935,108	\$ 1,800,042
Capital assets	38,641,302	26,580,176
Total assets	<u>53,576,410</u>	<u>28,380,218</u>
Current liabilities	1,872,458	707,369
Long-term liabilities	66,977,597	39,411,156
Total liabilities	<u>68,850,055</u>	<u>40,118,525</u>
Net position		
Net investment in capital assets	(13,733,336)	(2,033,939)
Restricted	1,761,299	210,284
Unrestricted	(3,301,608)	(9,914,652)
Total net position	<u>\$ (15,273,645)</u>	<u>\$ (11,738,307)</u>

Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025

The total net position of the District decreased during the current fiscal year by \$3,535,338. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Water and sewer service	\$ 599,322	\$ 578,492
Property taxes, penalties and interest	3,098,447	1,971,002
Regional water authority fees	506,164	568,892
Tap connection and inspection	100,425	47,852
Other	455,185	72,245
Total revenues	<u>4,759,543</u>	<u>3,238,483</u>
Expenses		
Current service operations	2,348,527	2,578,228
Debt interest and fees	815,874	239,080
Developer interest	1,122,436	
Debt issuance costs	854,307	
Depreciation	729,190	637,574
Total expenses	<u>5,870,334</u>	<u>3,454,882</u>
Change in net position before other items	(1,110,791)	(216,399)
Other items		
Transfers to other governments	<u>(2,424,547)</u>	<u>(1,961,622)</u>
Change in net position	(3,535,338)	(2,178,021)
Net position, beginning of year	<u>(11,738,307)</u>	<u>(9,560,286)</u>
Net position, end of year	<u>\$ (15,273,645)</u>	<u>\$ (11,738,307)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2025, were \$12,762,274, which consists of \$1,593,625 in the General Fund, \$1,838,616 in the Debt Service Fund and \$9,330,033 in the Capital Projects Fund.

***Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025***

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 2,385,612</u>	<u>\$ 1,381,722</u>
Total liabilities	\$ 737,461	\$ 594,471
Total deferred inflows	54,526	60,403
Total fund balance	<u>1,593,625</u>	<u>726,848</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,385,612</u>	<u>\$ 1,381,722</u>

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

	2025	2024
Total revenues	\$ 3,157,951	\$ 2,896,406
Total expenditures	<u>(2,291,174)</u>	<u>(2,553,742)</u>
Revenues over expenditures	<u>\$ 866,777</u>	<u>\$ 342,664</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

***Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 2,001,197</u>	<u>\$ 223,182</u>
Total liabilities	\$ 122,013	\$ 12,898
Total deferred inflows	40,568	21,377
Total fund balance	<u>1,838,616</u>	<u>188,907</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,001,197</u>	<u>\$ 223,182</u>

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

	2025	2024
Total revenues	\$ 1,260,080	\$ 296,605
Total expenditures	<u>(828,915)</u>	<u>(256,067)</u>
Revenues over expenditures	431,165	40,538
Other changes in fund balance	<u>1,218,544</u>	<u></u>
Net change in fund balance	<u>\$ 1,649,709</u>	<u>\$ 40,538</u>

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 9,930,132</u>	<u>\$ 15,138</u>
Total liabilities	\$ 600,099	\$ -
Total fund balance	<u>9,330,033</u>	<u>15,138</u>
Total liabilities and fund balance	<u>\$ 9,930,132</u>	<u>\$ 15,138</u>

***Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025***

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

	2025	2024
Total revenues	\$ 328,198	\$ 781
Total expenditures	(14,473,906)	
Revenues over/(under) expenditures	(14,145,708)	781
Other changes in fund balance	23,460,603	
Net change in fund balance	\$ 9,314,895	\$ 781

The District had considerable capital asset activity in the current fiscal year, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds and Series 2025 Unlimited Tax Bonds. The District did not have significant capital asset activity in the prior fiscal year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$218,358 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025

Capital assets held by the District at June 30, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Capital assets not being depreciated		
Land and improvements	\$ 4,620,022	\$ 2,289,982
Construction in progress	3,878,542	
Interest in regional detention facilities	2,459,037	
	<u>10,957,601</u>	<u>2,289,982</u>
Capital assets being depreciated		
Infrastructure	30,018,260	25,895,563
Less accumulated depreciation	<u>(2,334,559)</u>	<u>(1,605,369)</u>
Depreciable capital assets, net	<u>27,683,701</u>	<u>24,290,194</u>
Capital assets, net	<u>\$ 38,641,302</u>	<u>\$ 26,580,176</u>

Capital asset additions during the current fiscal year include utilities to serve Tamarron Sections 41, 71 and 73 and various detention and grading Phases to serve Tamarron Lakes.

The District's construction in progress is for the construction of the Tamarron Water Supply Plant No. 2, Phase 1 and the Wastewater Treatment Plant, Phase 5.

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended June 30, 2025, capital assets in the amount of \$2,424,547 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of June 30, 2025, the District owes approximately \$37,622,597 to its developer for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$9,890,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

Fort Bend County Municipal Utility District No. 188
Management's Discussion and Analysis
June 30, 2025

At June 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2025</u>	<u>2024</u>
2023 Road	\$ 4,900,000	\$ 5,000,000
2024	9,750,000	
2025	15,000,000	
	<u>\$ 29,650,000</u>	<u>\$ 5,000,000</u>

During the current fiscal year, the District issued \$24,750,000 in unlimited tax bonds. At June 30, 2025, the District had \$180,250,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$102,500,000 for the refunding of such bonds; \$35,000,000 for parks and recreational facilities and \$17,500,000 for the refunding of such bonds; and \$90,000,000 for road improvements and \$47,500,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$16,515,000 for the 2025 tax year from \$269,312,123 to \$285,827,521. This increase was primarily due to increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.44 per \$100 of assessed value, an utility debt service tax rate of \$0.61 per \$100 of assessed value and a road debt service tax rate of \$0.12 per \$100 of assessed value, for a total combined tax rate of \$1.17 per \$100 of assessed value. Tax rates for the 2024 tax year were \$0.72 per \$100 of assessed value for maintenance and operations, \$0.30 per \$100 of assessed value for utility debt service and \$0.15 per \$100 of assessed value for road debt service for a combined total of \$1.17 per \$100 of assessed value.

Next Year's Budget

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

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 3,157,951	\$ 3,209,703
Total expenditures	<u>(2,291,174)</u>	<u>(2,519,738)</u>
Revenues over expenditures	866,777	689,965
Beginning fund balance	726,848	1,593,625
Ending fund balance	<u>\$ 1,593,625</u>	<u>\$ 2,283,590</u>

Basic Financial Statements

Fort Bend County Municipal Utility District No. 188
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 306,407	\$ 200,884	\$ 3,758,320	\$ 4,265,611	\$ -	\$ 4,265,611
Investments	1,833,561	1,797,168	6,173,312	9,804,041		9,804,041
Taxes receivable	54,526	40,568		95,094		95,094
Customer service receivables	150,438			150,438		150,438
Internal balances	38,923	(37,423)	(1,500)			
Prepaid items	1,757			1,757		1,757
Prepaid bond insurance, net					618,167	618,167
Capital assets not being depreciated					10,957,601	10,957,601
Capital assets, net					27,683,701	27,683,701
Total Assets	\$ 2,385,612	\$ 2,001,197	\$ 9,930,132	\$ 14,316,941	39,259,469	53,576,410
Liabilities						
Accounts payable	\$ 479,765	\$ -	\$ 365,237	\$ 845,002		845,002
Other payables	1,488	122,013		123,501		123,501
Customer deposits	121,550			121,550		121,550
Retainage payable			234,862	234,862		234,862
Unearned revenue	134,658			134,658		134,658
Accrued interest payable					117,885	117,885
Due to developer					37,622,597	37,622,597
Long-term debt						
Due within one year					295,000	295,000
Due after one year					29,355,000	29,355,000
Total Liabilities	737,461	122,013	600,099	1,459,573	67,390,482	68,850,055
Deferred Inflows of Resources						
Deferred property taxes	54,526	40,568		95,094	(95,094)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	1,757			1,757	(1,757)	
Restricted		1,838,616	9,330,033	11,168,649	(11,168,649)	
Unassigned	1,591,868			1,591,868	(1,591,868)	
Total Fund Balances	1,593,625	1,838,616	9,330,033	12,762,274	(12,762,274)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,385,612	\$ 2,001,197	\$ 9,930,132	\$ 14,316,941		
Net Position						
Net investment in capital assets					(13,733,336)	(13,733,336)
Restricted for debt service					1,761,299	1,761,299
Unrestricted					(3,301,608)	(3,301,608)
Total Net Position					\$ (15,273,645)	\$ (15,273,645)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 188
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 223,190	\$ -	\$ -	\$ 223,190	\$ -	\$ 223,190
Sewer service	376,132			376,132		376,132
Property taxes	1,843,876	1,178,363		3,022,239	10,487	3,032,726
Penalties and interest	27,373	35,521		62,894	2,827	65,721
Regional water authority fees	506,164			506,164		506,164
Tap connection and inspection	100,425			100,425		100,425
Miscellaneous	30,255			30,255		30,255
Investment earnings	50,536	46,196	328,198	424,930		424,930
Total Revenues	3,157,951	1,260,080	328,198	4,746,229	13,314	4,759,543
Expenditures/Expenses						
Current service operations						
Purchased services	961,266			961,266		961,266
Professional fees	204,994			204,994		204,994
Contracted services	305,858	50,687		356,545		356,545
Repairs and maintenance	756,496			756,496		756,496
Utilities	6,742			6,742		6,742
Administrative	54,943	4,681		59,624		59,624
Other	875	1,940	45	2,860		2,860
Capital outlay			12,032,568	12,032,568	(12,032,568)	
Debt service						
Principal		100,000		100,000	(100,000)	
Interest and fees		671,607		671,607	144,267	815,874
Developer interest			1,122,436	1,122,436		1,122,436
Debt issuance costs			1,318,857	1,318,857	(464,550)	854,307
Depreciation					729,190	729,190
Total Expenditures/Expenses	2,291,174	828,915	14,473,906	17,593,995	(11,723,661)	5,870,334
Revenues Over/(Under)						
Expenditures/Expenses	866,777	431,165	(14,145,708)	(12,847,766)	11,736,975	(1,110,791)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		1,218,544	23,531,456	24,750,000	(24,750,000)	
Repayment of operating advances			(70,853)	(70,853)	70,853	
Other Items						
Transfers to other governments					(2,424,547)	(2,424,547)
Net Change in Fund Balances	866,777	1,649,709	9,314,895	11,831,381	(11,831,381)	
Change in Net Position					(3,535,338)	(3,535,338)
Fund Balance/Net Position						
Beginning of the year	726,848	188,907	15,138	930,893	(12,669,200)	(11,738,307)
End of the year	\$ 1,593,625	\$ 1,838,616	\$ 9,330,033	\$ 12,762,274	\$ (28,035,919)	\$ (15,273,645)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 188 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated October 7, 2008, and the 83rd Legislature, Senate Bill 1824, codified as Chapter 8470, Texas Special District Local Laws Code, effective September 1, 2013, under Section 59, Article XVI and Section 52, Article III of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on September 20, 2013 and the first bonds were issued on February 16, 2023.

The District’s primary activities include construction, maintenance and operation of water, sewer, drainage, parks and recreational and road facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

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

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major”

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage, parks and recreational and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

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

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

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

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

Prepaid Items

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

Prepaid Bond Insurance

Prepaid bond insurance reduces the District's borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2025, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

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

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Notes to Financial Statements
June 30, 2025

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years. The District's detention facilities and interest in regional detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		\$ 12,762,274
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Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government-wide statements.		618,167
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 40,975,861		
Less accumulated depreciation	<u>(2,334,559)</u>		38,641,302

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

Accrued interest payable	(117,885)		
Due to developer	(37,622,597)		
Bonds payable, net	<u>(29,650,000)</u>		(67,390,482)

Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

95,094

Total net position - governmental activities		<u><u>\$ (15,273,645)</u></u>
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Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ 11,831,381

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 13,314

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

Capital outlays	\$ 12,032,568	
Transfers to other governments	(2,424,547)	
Depreciation expense	(729,190)	
	8,878,831	8,878,831

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

Issuance of long-term debt	(24,750,000)	
Prepaid bond insurance	464,550	
Repayment of developer advances	70,853	
Principal payments - bonds	100,000	
Interest expense accrual	(144,267)	
	(24,258,864)	(24,258,864)

Change in net position of governmental activities \$ (3,535,338)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

As of June 30, 2025, the District’s investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
TexSTAR	General	\$ 1,833,561	AAAm	48 days
	Debt Service	1,797,168		
	Capital Projects	6,173,312		
		<u>\$ 9,804,041</u>		

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

TexSTAR

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at June 30, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 36,773	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	650	Arbitrage costs paid by the General Fund
General Fund	Capital Projects Fund	1,500	Bond issuance costs paid by the General Fund

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

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 2,289,982	\$ 2,330,040	\$ 4,620,022
Construction in progress		3,878,542	3,878,542
Interest in regional detention facilities		2,459,037	2,459,037
	<u>2,289,982</u>	<u>8,667,619</u>	<u>10,957,601</u>
Capital assets being depreciated			
Infrastructure	25,895,563	4,122,697	30,018,260
Less accumulated depreciation	<u>(1,605,369)</u>	<u>(729,190)</u>	<u>(2,334,559)</u>
Subtotal depreciable capital assets, net	<u>24,290,194</u>	<u>3,393,507</u>	<u>27,683,701</u>
Capital assets, net	<u>\$ 26,580,176</u>	<u>\$ 12,061,126</u>	<u>\$ 38,641,302</u>

Depreciation expense for the current fiscal year was \$729,190.

The District has contractual commitments for construction projects as follows:

	Contract Amount*	Paid To Date	Remaining Amount **
Tamarron Wastewater Treatment Plant, Phase 5	\$ 7,327,528	\$ 2,366,268	\$ 4,961,260

*District's share of contract

** Includes retainage

Note 6 – Due to Developer

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

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

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

Due to developer, beginning of year	\$ 34,511,156
Developer funded construction and adjustments	12,848,595
Developer reimbursements	(9,666,301)
Repayment of operating advances	<u>(70,853)</u>
Due to developer, end of year	<u><u>\$ 37,622,597</u></u>

In addition, the District will owe the developer approximately \$9,890,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*
Tamarron Water Supply Plant No. 2 Phase 1	<u>\$ 3,640,000</u>
Tamarron Detention and Grading Phase IX Phase 2	3,160,000
Tamarron Water Supply Plant No. 2 Phase 1 - Remote Well No. 1	<u>3,090,000</u>
	<u><u>\$ 9,890,000</u></u>

*Rounded to the nearest \$10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u><u>\$ 29,650,000</u></u>
Due within one year	<u><u>\$ 295,000</u></u>

The District's bonds payable at June 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023 Road	\$ 4,900,000	\$ 5,000,000	4.00% - 6.50%	July 1, 2025/2048	January 1, July 1	July 1, 2029
2024	9,750,000	9,750,000	4.125% - 6.625%	July 1, 2026/2049	January 1, July 1	July 1, 2030
2025	15,000,000	15,000,000	4.00% - 6.50%	July 1, 2027/2050	January 1, July 1	July 1, 2031
	<u><u>\$ 29,650,000</u></u>					

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At June 30, 2025, the District had authorized but unissued bonds in the amount of \$180,250,000 for the purposes of acquiring, constructing and improving the water, sewer and drainage systems within the District and \$102,500,000 for the refunding of such bonds; \$35,000,000 for park and recreational facilities and \$17,500,000 for the refunding of such bonds and \$90,000,000 for road improvements and \$47,500,000 for the refunding of such bonds.

On July 11, 2024, the District issued its \$9,750,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.485339%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds, (2) to reimburse the developer for operating advances, and (3) to pay capitalized interest into the Debt Service Fund.

On May 15, 2025, the District issued its \$15,000,000 Series 2025 Unlimited Tax Bonds at a net effective interest rate of 5.050511%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds, (2) to reimburse Fort Bend Municipal Utility District No. 182 for the District's share in regional detention facilities, and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$ 5,000,000
Bonds issued	24,750,000
Bonds retired	<u>(100,000)</u>
Bonds payable, end of year	<u><u>\$ 29,650,000</u></u>

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

The debt service payment due July 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of June 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 295,000	\$ 1,540,796	\$ 1,835,796
2027	650,000	1,423,406	2,073,406
2028	685,000	1,380,900	2,065,900
2029	725,000	1,336,106	2,061,106
2030	760,000	1,288,694	2,048,694
2031	805,000	1,238,994	2,043,994
2032	850,000	1,186,350	2,036,350
2033	895,000	1,133,450	2,028,450
2034	945,000	1,087,150	2,032,150
2035	1,000,000	1,040,919	2,040,919
2036	1,055,000	995,513	2,050,513
2037	1,115,000	947,200	2,062,200
2038	1,170,000	896,188	2,066,188
2039	1,240,000	843,156	2,083,156
2040	1,305,000	791,531	2,096,531
2041	1,380,000	732,438	2,112,438
2042	1,455,000	669,963	2,124,963
2043	1,530,000	603,538	2,133,538
2044	1,625,000	533,700	2,158,700
2045	1,705,000	459,575	2,164,575
2046	1,800,000	381,825	2,181,825
2047	1,900,000	299,788	2,199,788
2048	2,005,000	213,213	2,218,213
2049	1,720,000	121,888	1,841,888
2050	1,035,000	41,400	1,076,400
	<u>\$ 29,650,000</u>	<u>\$ 21,187,677</u>	<u>\$ 50,837,677</u>

Note 8 – Property Taxes

On November 2, 2021, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. In addition, the voters of the District authorized the District’s Board of Directors to levy taxes annually for the use in financing road maintenance limited to \$1.50 per \$100 of assessed value and a park maintenance tax limited to \$0.10 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.17 per \$100 of assessed value, of which \$0.72 was allocated to maintenance and operations, \$0.30 was allocated to utility debt service and \$0.15 was allocated to road debt service. The resulting tax levy was \$3,150,952 on the adjusted taxable value of \$269,312,123.

Property taxes receivable, at June 30, 2025, consisted of the following:

Current year taxes receivable	\$ 60,028
Prior years taxes receivable	20,454
	<u>80,482</u>
Penalty and interest receivable	14,612
Property taxes receivable	<u><u>\$ 95,094</u></u>

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended June 30, 2025, the District recorded transfers to other governments in the amount of \$2,424,547 for road facilities constructed by a developer within the District.

Note 10 – Agreements with Fort Bend County Municipal Utility District No. 182

Agreement for Joint Financing, Construction and Maintenance of Water Line, Sewer Line, and Storm Sewer Facilities

On August 2, 2021, the District and Fort Bend County Municipal Utility District No. 182 (“MUD 182”) entered into a Joint Facilities Agreement, whereby each district agrees to share the cost of financing and operating joint water lines, sewer lines, and storm sewer facilities to serve both districts. The District shall hold beneficial title to these joint facilities with each district owning an equitable interest based on the pro-rata share of the facilities. The District shall be responsible for the maintenance and operation of the facilities and will bill MUD 182 for maintenance and operating costs for its pro rata share of total capacity in the facilities.

Each district will finance, own and operate their respective internal water, sanitary sewer and storm sewer systems.

Joint Water Plant

On August 2, 2021, the District and MUD 182 entered into an agreement for the construction, ownership, operation, maintenance, and expansion of a water plant to serve both districts. The term

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

of the agreement is 40 years and will continue in ten-year increments unless terminated by either party no less than three years before the end of each ten-year increment.

MUD 182 completed construction of the initial phase of the joint water facilities to provide a permanent source of water supply to the residents and customers of MUD 182. MUD 182 will transfer title of the facilities to the District for operation and completion. MUD 182's share of capacity in the initial phase of the joint water facilities is 100%. Each district is solely responsible for the internal water distribution systems necessary to deliver water from the water plants to customers within their respective district.

In accordance with the Agreement, the District shall be transferred beneficial title of the facilities for operation and maintenance, with both the District and MUD 182 having an undivided, equitable interest based on each districts pro rata share of capacity. The District shall be responsible for the operation and maintenance of the water plant and will create a Joint Water Plant Fund to account for associated costs and for billing participants for those costs. Fixed costs are allocated based on each district's pro-rata share of capacity in the entire plant. Variable operating and maintenance costs are allocated to each district based on its pro rata share of active connections served district shall establish an operating reserve of not more than three months of budgeted operating expenses in order to provide liquidity.

Interim Water Supply Agreement

On November 7, 2022, the District and MUD 182 entered into an agreement for MUD 182 to supply water to the District on an interim basis to serve 600 equivalent single-family connections (ESFCs) until the District completes construction of water plant facilities to serve the area within its boundaries. Under the agreement, the District must pay \$1.00 per 1,000 gallons (which covers capital costs and operation and maintenance expenses) to MUD 182 plus any regulatory fees payable by MUD 182.

Joint Wastewater Treatment Plant

On August 2, 2021, the District and MUD 182 entered into an agreement for the lease, construction, ownership, operation, maintenance, and expansion of wastewater treatment facilities to serve both districts ("Joint Wastewater Plant Agreement"). The term of the agreement is 40 years and will continue in ten-year increments unless terminated by either party no less than three years before the end of each ten-year increment.

The cost of designing and constructing each phase of these facilities is allocated between the District and MUD 182 based on each district's pro-rata share of equivalent single-family connections. The initial phase of the joint wastewater plant has been installed through the combination of construction of certain improvements and the lease of a 600,000 gallons per day wastewater treatment plant. MUD 182 will transfer title of the facilities to the District for operation and completion. MUD 182's share of capacity in the initial phase of the joint wastewater treatment facilities is 100%. Each district is solely responsible for the internal collection systems necessary to deliver waste to the wastewater treatment plant.

Fort Bend County Municipal Utility District No. 188
Notes to Financial Statements
June 30, 2025

The District shall be transferred beneficial title to the joint wastewater plant facilities for operation and maintenance, with both the District and MUD 182 having an undivided, equitable interest. The District shall be responsible for the operation and maintenance of the wastewater treatment plant and will create a Joint Wastewater Treatment Plant Fund to account for associated costs and for billing participants for those costs. Fixed costs are allocated based on each district's pro rata share of capacity in the entire plant. Variable operating and maintenance costs are allocated to each district based on its pro rata share of active connections served in each month. The District shall establish an operating reserve of not more than three months of budgeted operating expenses in order to provide liquidity.

Lease Agreement for Wastewater Treatment Capacity

On November 7, 2022, the District and MUD 182 entered into an agreement for MUD 182 to lease 135,000 gallons per day of wastewater treatment capacity to the District until the District completes construction of wastewater treatment plant facilities to serve the area within its boundaries. Under the agreement, the District must pay \$16,256.25 per month to MUD 182 plus the District's pro rata share of operational expenses (as defined under the Joint Wastewater Plant Agreement).

Amended and Restated Interim Wastewater Treatment Service Agreement

On May 1, 2023, the District and MUD 182, collectively the "Plant Districts", and Fort Bend County Municipal Utility District No. 222 ("MUD 222"), entered into an Amended and Restated Interim Wastewater Treatment Service Agreement for which the Plant Districts agree to receive wastewater generated within the boundaries of MUD 222. Under the agreement, MUD 222 shall pay the Plant Districts monthly (1) capital payments in the amount of \$27.10 per ESFCs and (2) pro rata share of operational expenses (as defined in the Joint Wastewater Plant Agreement). On May 1, 2024, the District, MUD 182, and MUD 222 amended the agreement to extend the term of the agreement to October 1, 2024.

Note 11 – Risk Management

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

Required Supplementary Information

Fort Bend County Municipal Utility District No. 188
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 305,000	\$ 450,000	\$ 223,190	\$ (226,810)
Sewer service	334,500	365,000	376,132	11,132
Property taxes	1,592,554	1,852,354	1,843,876	(8,478)
Penalties and interest	44,000	37,000	27,373	(9,627)
Regional water authority fees	560,000	560,000	506,164	(53,836)
Tap connection and inspection	174,000	174,000	100,425	(73,575)
Miscellaneous			30,255	30,255
Investment earnings	16,000	38,000	50,536	12,536
Total Revenues	3,026,054	3,476,354	3,157,951	(318,403)
Expenditures				
Current service operations				
Purchased services	765,000	870,000	961,266	(91,266)
Professional fees	122,390	124,390	204,994	(80,604)
Contracted services	263,300	264,400	305,858	(41,458)
Repairs and maintenance	900,000	874,340	756,496	117,844
Utilities	5,000	6,000	6,742	(742)
Administrative	62,975	71,589	54,943	16,646
Other	3,500	5,500	875	4,625
Capital outlay	175,000	175,000		175,000
Total Expenditures	2,297,165	2,391,219	2,291,174	100,045
Revenues Over Expenditures	728,889	1,085,135	866,777	(218,358)
Fund Balance				
Beginning of the year	726,848	726,848	726,848	
End of the year	\$ 1,455,737	\$ 1,811,983	\$ 1,593,625	\$ (218,358)

Fort Bend County Municipal Utility District No. 188
Notes to Required Supplementary Information
June 30, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 188
TSI-1. Services and Rates
June 30, 2025

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

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

2. Retail Service Providers:

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 18.00	10,000	N	\$ 1.20	10,001 to 15,000
				\$ 1.50	15,001 to 20,000
				\$ 1.75	20,001 to 25,000
				\$ 2.00	25,001 to no limit
Wastewater:	\$ 37.50	N	Y		to
Surcharge:	\$ 5.01	N	N	\$ 5.01	1 to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 68.05 Wastewater \$ 37.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	861	851	x 1.0	851
1"	4	4	x 2.5	10
1.5"			x 5.0	
2"	13	13	x 8.0	104
3"	1	1	x 15.0	15
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	879	869		980
Total Wastewater	858	848	x 1.0	848

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-1. Services and Rates
June 30, 2025

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

Gallons purchased*:	<u>99,856,000</u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>99,856,000</u>	<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District

Is the District located entirely within one county? Yes No

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

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

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

Is the District located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which the District is located: _____

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

If Yes, by whom? _____

*Purchased from Fort Bend County MUD 182

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2025

Purchased services	<u>\$ 961,266</u>
Professional fees	
Legal	73,561
Audit	15,000
Engineering	116,433
	<u>204,994</u>
Contracted services	
Bookkeeping	20,250
Operator	31,102
Garbage collection	246,216
Tap connection and inspection	8,290
	<u>305,858</u>
Repairs and maintenance	<u>756,496</u>
Utilities	<u>6,742</u>
Administrative	
Directors fees	12,155
Printing and office supplies	29,217
Insurance	9,673
Other	3,898
	<u>54,943</u>
Other	<u>875</u>
Total expenditures	<u><u>\$ 2,291,174</u></u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-3. Investments
June 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	\$ 1,833,561
Debt Service			
TexSTAR	Variable	N/A	1,538,460
TexSTAR	Variable	N/A	258,708
			<u>1,797,168</u>
Capital Projects			
TexSTAR	Variable	N/A	6,156,622
TexSTAR	Variable	N/A	16,690
			<u>6,173,312</u>
Total - All Funds			<u>\$ 9,804,041</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-4. Taxes Levied and Receivable
June 30, 2025

	Maintenance Taxes	WSD Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 60,403	\$ -	\$ 9,592	\$ 69,995
Adjustments to Prior Year Tax Levy	(101,047)		(17,224)	(118,271)
Adjusted Receivable	(40,644)		(7,632)	(48,276)
2024 Original Tax Levy	1,944,152	810,063	405,032	3,159,247
Adjustments	(5,105)	(2,127)	(1,063)	(8,295)
Adjusted Tax Levy	1,939,047	807,936	403,969	3,150,952
Total to be accounted for	1,898,403	807,936	396,337	3,102,676
Tax collections, net of refunds:				
Current year	1,902,107	792,545	396,272	3,090,924
Prior years	(58,230)		(10,500)	(68,730)
Total Collections	1,843,877	792,545	385,772	3,022,194
Taxes Receivable, End of Year	\$ 54,526	\$ 15,391	\$ 10,565	\$ 80,482
Taxes Receivable, By Years				
2024	\$ 36,940	\$ 15,391	\$ 7,697	\$ 60,028
2023	16,875		2,868	19,743
2022	711			711
Taxes Receivable, End of Year	\$ 54,526	\$ 15,391	\$ 10,565	\$ 80,482
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 61,686,460	\$ 45,587,092	\$ 23,601,337	\$ 7,533,568
Improvements	245,954,807	140,243,506	27,112,569	
Personal Property	257,732	614,466	479,910	
Exemptions	(38,586,876)	(32,395,862)	(27,845,489)	(7,087,130)
Total Property Valuations	\$ 269,312,123	\$ 154,049,202	\$ 23,348,327	\$ 446,438
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.72	\$ 1.00	\$ 1.17	\$ 1.27
WSD debt service tax rates	0.30			
Road debt service tax rates	0.15	0.17		
Total Tax Rates per \$100 Valuation	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.27
Adjusted Tax Levy:	\$ 3,150,952	\$ 1,802,376	\$ 273,175	\$ 5,670
Percentage of Taxes Collected to Taxes Levied **	98.09%	98.90%	99.74%	100%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 2, 2021

* Maximum Road Maintenance Tax Rate Approved by Voters: \$1.50 on November 2, 2021

* Maximum Park Maintenance Tax Rate Approved by Voters: \$0.10 on November 2, 2021

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

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due July 1</u>	<u>Interest Due January 1, July 1</u>	<u>Total</u>
2026	\$ 105,000	\$ 224,275	\$ 329,275
2027	110,000	217,450	327,450
2028	115,000	210,300	325,300
2029	125,000	202,825	327,825
2030	130,000	194,700	324,700
2031	140,000	186,250	326,250
2032	150,000	177,150	327,150
2033	155,000	167,400	322,400
2034	165,000	158,100	323,100
2035	175,000	148,200	323,200
2036	185,000	141,200	326,200
2037	200,000	133,800	333,800
2038	210,000	125,800	335,800
2039	225,000	117,400	342,400
2040	235,000	108,400	343,400
2041	250,000	99,000	349,000
2042	265,000	89,000	354,000
2043	280,000	78,400	358,400
2044	300,000	67,200	367,200
2045	315,000	55,200	370,200
2046	335,000	42,600	377,600
2047	355,000	29,200	384,200
2048	375,000	15,000	390,000
	<u>\$ 4,900,000</u>	<u>\$ 2,988,850</u>	<u>\$ 7,888,850</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due July 1</u>	<u>Interest Due January 1, July 1</u>	<u>Total</u>
2026	\$ 190,000	\$ 451,769	\$ 641,769
2027	205,000	439,181	644,181
2028	215,000	425,600	640,600
2029	230,000	411,356	641,356
2030	240,000	396,119	636,119
2031	255,000	380,219	635,219
2032	270,000	363,325	633,325
2033	290,000	345,438	635,438
2034	305,000	330,938	635,938
2035	325,000	318,356	643,356
2036	345,000	304,950	649,950
2037	365,000	290,288	655,288
2038	385,000	274,775	659,775
2039	410,000	258,894	668,894
2040	435,000	241,981	676,981
2041	460,000	224,038	684,038
2042	490,000	205,063	695,063
2043	515,000	184,238	699,238
2044	550,000	162,350	712,350
2045	580,000	138,975	718,975
2046	615,000	114,325	729,325
2047	650,000	88,188	738,188
2048	690,000	60,563	750,563
2049	735,000	31,238	766,238
	<u>\$ 9,750,000</u>	<u>\$ 6,442,163</u>	<u>\$ 16,192,163</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-5. Long-Term Debt Service Requirements
Series 2025--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due July 1</u>	<u>Interest Due January 1, July 1</u>	<u>Total</u>
2026	\$ -	\$ 864,752	\$ 864,752
2027	335,000	766,775	1,101,775
2028	355,000	745,000	1,100,000
2029	370,000	721,925	1,091,925
2030	390,000	697,875	1,087,875
2031	410,000	672,525	1,082,525
2032	430,000	645,875	1,075,875
2033	450,000	620,613	1,070,613
2034	475,000	598,113	1,073,113
2035	500,000	574,363	1,074,363
2036	525,000	549,363	1,074,363
2037	550,000	523,113	1,073,113
2038	575,000	495,613	1,070,613
2039	605,000	466,863	1,071,863
2040	635,000	441,150	1,076,150
2041	670,000	409,400	1,079,400
2042	700,000	375,900	1,075,900
2043	735,000	340,900	1,075,900
2044	775,000	304,150	1,079,150
2045	810,000	265,400	1,075,400
2046	850,000	224,900	1,074,900
2047	895,000	182,400	1,077,400
2048	940,000	137,650	1,077,650
2049	985,000	90,650	1,075,650
2050	1,035,000	41,400	1,076,400
	<u>\$ 15,000,000</u>	<u>\$ 11,756,664</u>	<u>\$ 26,756,664</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due July 1	Interest Due January 1, July 1	Total
2026	\$ 295,000	\$ 1,540,796	\$ 1,835,796
2027	650,000	1,423,406	2,073,406
2028	685,000	1,380,900	2,065,900
2029	725,000	1,336,106	2,061,106
2030	760,000	1,288,694	2,048,694
2031	805,000	1,238,994	2,043,994
2032	850,000	1,186,350	2,036,350
2033	895,000	1,133,450	2,028,450
2034	945,000	1,087,150	2,032,150
2035	1,000,000	1,040,919	2,040,919
2036	1,055,000	995,513	2,050,513
2037	1,115,000	947,200	2,062,200
2038	1,170,000	896,188	2,066,188
2039	1,240,000	843,156	2,083,156
2040	1,305,000	791,531	2,096,531
2041	1,380,000	732,438	2,112,438
2042	1,455,000	669,963	2,124,963
2043	1,530,000	603,538	2,133,538
2044	1,625,000	533,700	2,158,700
2045	1,705,000	459,575	2,164,575
2046	1,800,000	381,825	2,181,825
2047	1,900,000	299,788	2,199,788
2048	2,005,000	213,213	2,218,213
2049	1,720,000	121,888	1,841,888
2050	1,035,000	41,400	1,076,400
	<u>\$ 29,650,000</u>	<u>\$ 21,187,677</u>	<u>\$ 50,837,677</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-6. Change in Long-Term Bonded Debt
June 30, 2025

	Bond Issue			Totals
	Series 2023 Road	Series 2024	Series 2025	
Interest rate	4.00% - 6.50%	4.125% - 6.625%	4.00% - 6.50%	
Dates interest payable	1/1; 7/1	1/1; 7/1	1/1; 7/1	
Maturity dates	7/1/25-7/1/48	7/1/26-7/1/49	7/1/27-7/1/50	
Beginning bonds outstanding	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Bonds issued		9,750,000	15,000,000	24,750,000
Bonds retired	(100,000)			(100,000)
Ending bonds outstanding	<u>\$ 4,900,000</u>	<u>\$ 9,750,000</u>	<u>\$ 15,000,000</u>	<u>\$ 29,650,000</u>
Interest paid during fiscal year	<u>\$ 230,775</u>	<u>\$ 439,220</u>	<u>\$ -</u>	<u>\$ 669,995</u>
Paying agent's name and city All Series	<u>Regions Bank, an Alabama state banking corporation, Houston, Texas</u>			
Bond Authority:	Water, Sewer and Drainage Bonds	Road Bonds	Recreational Facilities Bonds	
Amount Authorized by Voters	\$ 205,000,000	\$ 95,000,000	\$ 35,000,000	
Amount Issued	(24,750,000)	(5,000,000)		
Remaining To Be Issued	<u>\$ 180,250,000</u>	<u>\$ 90,000,000</u>	<u>\$ 35,000,000</u>	
Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Road Refunding Bonds	Recreational Facilities Refunding Bonds	
Amount Authorized by Voters	\$ 102,500,000	\$ 47,500,000	\$ 17,500,000	
Amount Issued				
Remaining To Be Issued	<u>\$ 102,500,000</u>	<u>\$ 47,500,000</u>	<u>\$ 17,500,000</u>	

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

Debt Service Fund cash and investments balance as of June 30, 2025:	<u>\$ 1,998,052</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,033,507</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021**
Revenues					
Water service	\$ 223,190	\$ 245,727	\$ 164,073	\$ 46,068	\$ -
Sewer service	376,132	332,765	214,027	45,076	
Property taxes	1,843,876	1,600,435	253,909	5,670	
Penalties and interest	27,373	40,820	31,775	1,476	
Regional water authority fees	506,164	568,892	291,797	73,047	
Tap connection and inspection	100,425	47,852	929,147	838,125	
Miscellaneous	30,255	36,949	39,745	15,170	
Investment earnings	50,536	22,966	6,763	138	
Total Revenues	3,157,951	2,896,406	1,931,236	1,024,770	
Expenditures					
Current service operations					
Purchased services	961,266	970,299	607,736	55,173	
Professional fees	204,994	203,748	80,545	44,160	14,056
Contracted services	305,858	336,386	640,630	428,525	8,588
Repairs and maintenance	756,496	968,336	558,383	104,730	
Utilities	6,742	2,164	4,583		
Administrative	54,943	63,309	49,567	23,718	6,051
Other	875	9,500			
Total Expenditures	2,291,174	2,553,742	1,941,444	656,306	28,695
Revenues Over/(Under) Expenditures	\$ 866,777	\$ 342,664	\$ (10,208)	\$ 368,464	\$ (28,695)
Total Active Retail Water Connections	869	849	785	430	N/A
Total Active Retail Wastewater Connections	848	830	766	425	N/A

*Percentage is negligible

**Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022	2021
7%	8%	8%	4%	-%
12%	11%	11%	4%	-
58%	56%	13%	1%	-
1%	1%	2%	*	-
16%	20%	15%	7%	-
3%	2%	49%	82%	-
1%	1%	2%	2%	-
2%	1%	*	*	-
100%	100%	100%	100%	-

30%	34%	31%	5%	-
6%	7%	4%	4%	-
10%	12%	33%	42%	-
24%	33%	29%	10%	-
*	*	*		-
2%	2%	3%	2%	-
*	*			-
72%	88%	100%	63%	-

28%	12%	0%	37%	-%
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Fort Bend County Municipal Utility District No. 188

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Three Fiscal Years

	Amounts			Percent of Fund Total Revenues		
	2025	2024	2023	2025	2024	2023
Revenues						
Property taxes	\$ 1,178,363	\$ 269,452	\$ -	93%	91%	-%
Penalties and interest	35,521	15,604		3%	5%	-
Investment earnings	46,196	11,549	4,135	4%	4%	-
Total Revenues	1,260,080	296,605	4,135	100%	100%	-
Expenditures						
Tax collection services	55,368	24,486		4%	8%	-
Other	1,940			*		-
Debt service						
Principal	100,000			8%		-
Interest and fees	671,607	231,581	86,541	53%	78%	-
Total Expenditures	828,915	256,067	86,541	65%	86%	-
Revenues Over/(Under)						
Expenditures	\$ 431,165	\$ 40,538	\$ (82,406)	35%	14%	-%

*Percentage is negligible

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 188
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2025

Complete District Mailing Address: 9 Greenway Plaza, Suite 1000, Houston, Texas 77046-0905
District Business Telephone Number: (713) 651-0111
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 19, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Stephanie Hardin	05/22 - 05/26	\$ 2,431	\$ 498	President
Rebecca Kerr	05/24 - 05/28	2,652	362	Vice President
Tracy Butcher	05/22 - 05/26	2,210	354	Secretary
Kenrick Piercy	05/24 - 05/28	2,210		Assistant Secretary
Allyson Broeder	06/25 - 05/26			Assistant Secretary
Anthony Hariri	05/22 - 06/25	2,431	379	Former Director
Consultants				
Coats Rose, P.C.	2013	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 81,457		
<i>Bond counsel</i>		355,246		
<i>Delinquent tax attorney</i>		13,748		
Si Environmental, LLC	2022	237,193		Operator
Myrtle Cruz, Inc.	2006	26,661		Bookkeeper
Assessments of the Southwest, Inc.	2022	19,687		Tax Collector
Fort Bend Central Appraisal District	Legislation	17,253		Property Valuation
LJA Engineering, Inc.	2014	178,751		Engineer
McGrath & Co., PLLC	2022	32,000		Auditor
Tierra Financial Advisors, LLC	2022	325,234		Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY